

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-14818

**FEDERATED HERMES, INC.**

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

25-1111467

(I.R.S. Employer Identification No.)

1001 Liberty Avenue  
Pittsburgh, Pennsylvania

(Address of principal executive offices)

15222-3779

(Zip Code)

412-288-1900

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B common stock, no par value	FHI	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the Class B common stock held by non-affiliates of the registrant as of June 30, 2025 was approximately \$3.3 billion, based on the New York Stock Exchange closing price. For purposes of this calculation, the registrant has deemed all of its executive officers and directors to be affiliates, but has made no determination as to whether any other persons are affiliates within the meaning of Rule 12b-2 under the Securities Exchange Act of 1934. The number of shares of Class A and Class B common stock outstanding on February 20, 2026, was 9,000 and 75,965,666, respectively.

**Documents incorporated by reference:**

Part III of this Form 10-K incorporates by reference certain information from the registrant's 2026 Information Statement.

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## FORWARD-LOOKING STATEMENTS

Certain statements in this report on Form 10-K constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that can cause the actual results, levels of activity, performance or achievements of Federated Hermes, Inc. and its consolidated subsidiaries (collectively, Federated Hermes), or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are typically identified by words or phrases such as “forecast,” “project,” “predict,” “trend,” “approximate,” “potential,” “opportunity,” “believe,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “projection,” “plan,” “assume,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “can,” “may,” and similar expressions. Among other forward-looking statements, such statements include certain statements relating to, or, as applicable, statements concerning management’s assessments, beliefs, expectations, assumptions, judgments, projections or estimates regarding: asset flows, levels, values and mix, and their impact; the possibility and potential impact of impairments; business mix; the level, timing, degree and impact of changes in interest rates or gross or net yields; fee rates and recognition; sources, levels and recognition of revenues, expenses, gains, losses, income and earnings; the level and impact of reimbursements, rebates, or assumptions of fund-related expenses and fee waivers for competitive reasons such as to maintain positive or zero net yields (Voluntary Yield-related Fee Waivers), to maintain certain fund expense ratios, to meet regulatory requirements, or to meet contractual requirements (collectively, Fee Waivers); whether, under what circumstances, and the degree to which Fee Waivers can be implemented; the integration of governance, environmental and social factors; the impact of market volatility, liquidity and other market conditions; whether performance fees or carried interest will be earned or clawed-back; whether and when capital contributions can be made; the possible availability of insurance and probability of insurance reimbursements or recoveries in connection with indemnification obligations or other claims; the components and level of, and prospect for, distribution-related expenses; guarantee and indemnification obligations; the impact of acquisitions on Federated Hermes’ growth; business and market expansion opportunities, including expansion into different markets in the United States (U.S.) and the possibility of acceleration of global growth; fair value assessments and determinations; allocation of acquisition purchase price payments and other consideration; the timing and amount of acquisition-related payment obligations; the timing of closing of proposed acquisitions; the timing of promotions, position and board of director changes; payment obligations pursuant to employment or incentive and business arrangements; vesting rights and requirements; interest and principal payments or expenses; taxes, tax rates, tax elections, and the impact of tax law changes; tax treatment of dividends from non-U.S. subsidiaries; borrowing, debt, future cash needs and principal uses of cash, cash flows and liquidity, including the amount and timing of expected future capital expenditures; the ability to raise additional capital; type, classification and consolidation of investments; uses of treasury stock; Federated Hermes’ products, strategies, and other services (as applicable, offerings) and market performance, and Federated Hermes’ performance indicators; investor preferences; offering demand, distribution and development and restructuring initiatives and related planning and timing; the effect, and degree of impact, of changes in customer relationships; the outcome and impact of legal proceedings; regulatory matters and potential deregulation, including the pace, level, focus, scope, timing, impact, effects and other consequences of regulatory matters; dedication of resources; accounting-related assessments, judgments and determinations; compliance, and related legal, compliance and other professional services expenses; changes in foreign exchange rates; interest rate, concentration, market, currency, price and other risks; impact or potential impact of risks on Federated Hermes’ financial condition; and various other items set forth under Item 1A – Risk Factors. Any forward-looking statement is inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and beyond Federated Hermes’ control. Among other risks and uncertainties, market conditions can change significantly and impact Federated Hermes’ business and results, including by changing Federated Hermes’ asset flows, levels and mix, and business mix, which can cause a decline in revenues and net income, result in impairments, and change the amount of Fee Waivers incurred by Federated Hermes. The obligation to make purchase price payments in connection with acquisitions is subject to certain adjustments and conditions, and the obligation to make contingent payments is based on net revenue levels or other financial thresholds, and will be affected by the achievement of such levels and thresholds. The obligation to make additional payments pursuant to employment or incentive arrangements is based on satisfaction of certain conditions set forth in those arrangements or consideration of certain performance measures. Future cash needs, cash flows and uses of cash will be impacted by a variety of factors, including the number and size of any acquisitions, Federated Hermes’ success in developing, structuring and distributing its offerings, potential changes in assets under management (AUM) and/or changes in the terms of distribution and shareholder services contracts with intermediary customers who sell Federated Hermes’ offerings to other customers, and potential increased legal, compliance and other professional services expenses stemming from additional or modified regulation or the dedication of such resources to other initiatives. Federated Hermes’ risks and uncertainties also include liquidity and credit risks in Federated Hermes’ money market funds and revenue risk, which will be affected by yield levels in money market fund offerings, Fee Waivers, changes in fair values of AUM, any additional regulatory reforms, investor preferences and confidence, and the ability of Federated Hermes to collect fees in connection with the management of such offerings. Many of these factors could be more likely to occur as a result of continued scrutiny of the mutual fund industry by domestic or foreign regulators, and any

disruption in global financial markets. As a result, no assurance can be given as to future results, levels of activity, performance, or achievements, and neither Federated Hermes nor any other person assumes responsibility for the accuracy and completeness, or updating, of such statements in the future. For more information on these items and additional risks that can impact the forward-looking statements, see Item 1A – Risk Factors.

## Part I

### ITEM 1 – BUSINESS

#### General

Federated Hermes, Inc., a Pennsylvania corporation, together with its consolidated subsidiaries (collectively, Federated Hermes) is a global leader in active investing with \$902.6 billion in assets under management (AUM or managed assets) at December 31, 2025. Federated Hermes has been in the investment management business since 1955 and is one of the largest investment managers in the United States (U.S.). Federated Hermes also provides stewardship services to customers seeking a range of solutions for engagement, as well as real estate development and renewable energy project development services. In seeking to enhance long-term risk-adjusted investment performance, and create long-term financial value/wealth, for its customers and clients (collectively, including intermediaries, customers) consistent with its fiduciary duties and customer objectives, Federated Hermes has taken steps to integrate the proprietary insights from fundamental investment analysis, including governance, environmental and social factors and engagement interactions, into many of the products and strategies it manages.

Federated Hermes operates in one operating segment, the investment management business. Federated Hermes sponsors, markets and provides investment-related services and strategies (collectively, as applicable, strategies) to various investment products, including sponsored investment companies and other funds (Federated Hermes Funds) and Separate Accounts (which include separately managed accounts (SMAs), institutional accounts, sub-advised funds and other managed products) in both domestic and international markets (such products, strategies and other services being, collectively and as applicable, offerings). In addition, Federated Hermes markets and provides stewardship, real estate development and renewable energy project development services to various domestic and international customers. Federated Hermes' principal source of revenue is investment advisory fees earned by various domestic and foreign subsidiaries pursuant to investment advisory contracts and based primarily upon the AUM of its investment offerings. Domestic advisory subsidiaries are registered as investment advisors under the Investment Advisers Act of 1940 (Advisers Act), while foreign advisory subsidiaries are registered in the U.S. and/or with foreign regulators.

Federated Hermes provides investment advisory services to 176 Federated Hermes Funds as of December 31, 2025. Federated Hermes markets these funds to institutions, banks, broker/dealers, financial intermediaries and other customers who use them to meet the needs of their customers, including, among others, retail investors, corporations and retirement plans. The Federated Hermes Funds are domiciled in the U.S., as well as Ireland, the United Kingdom (U.K.), Luxembourg, Guernsey, Jersey, Australia and the Cayman Islands. Most of Federated Hermes' U.S.-domiciled funds are registered under the Investment Company Act of 1940 (1940 Act) and under other applicable federal laws. Each U.S.-domiciled registered fund enters into an advisory agreement that is subject to annual approval by the fund's board of directors or trustees, a majority of whom are not interested persons, as defined under the 1940 Act, of either the funds or Federated Hermes. In general, new advisory agreements for new U.S.-domiciled registered funds and material amendments to such advisory agreements must be approved by a fund's shareholders. These advisory agreements are generally terminable upon 60 days' notice to the investment advisor. See Item 1A – Risk Factors – Specific Risk Factors – Potential Adverse Effects of Termination or Failure to Renew Advisory Agreements for additional information on Federated Hermes' advisory agreements.

Of the 176 Federated Hermes Funds, Federated Hermes' investment advisory subsidiaries managed as of December 31, 2025, 22 money market funds with \$508.4 billion in AUM, 46 equity funds with \$55.0 billion in AUM, 52 fixed-income funds with \$46.0 billion in AUM, 51 alternative/private markets funds with \$12.1 billion in AUM and five multi-asset funds with \$2.9 billion in AUM.

As of December 31, 2025, Federated Hermes provided investment strategies to \$278.3 billion in Separate Account assets. These Separate Accounts represent assets of government entities, high-net-worth individuals, pension and other employee benefit plans, corporations, trusts, foundations, endowments, sub-advised funds and other accounts or offerings owned or sponsored by third parties. Fees for Separate Accounts are typically based on AUM pursuant to investment advisory agreements that are generally terminable upon notice to the investment advisor (or, in certain cases, after a 30-day, 60-day or similar notice period).

Certain Federated Hermes Funds have adopted distribution plans that, subject to applicable law, provide for payment to Federated Hermes for distribution services. These distribution plans are implemented through distribution agreements between Federated Hermes and the Federated Hermes Funds. Although the specific terms of each such agreement vary, the basic terms of the agreements are similar. Pursuant to these agreements, a Federated Hermes subsidiary acts as underwriter for these funds and distributes shares of the funds primarily through unaffiliated broker/dealers. Each distribution plan and agreement is

initially approved by the directors or trustees of the respective fund (and, as required by law, a fund's shareholders) and is reviewed for approval by such directors or trustees annually as required under applicable law.

Federated Hermes also provides a broad range of services to support the operation and administration of the Federated Hermes Funds. These services, for which Federated Hermes receives fees pursuant to agreements with the Federated Hermes Funds, include administrative services and shareholder servicing.

### Assets Under Management

Total managed assets represents the total of AUM, which is composed of Federated Hermes Funds and Separate Accounts and represent the balance of AUM at a point in time. Total managed assets for the past two years were as follows:

<i>dollars in millions</i>	As of December 31,		2025 vs. 2024
	2025	2024	
Equity	\$ 97,898	\$ 79,423	23 %
Fixed-Income	100,127	98,059	2
Alternative / Private Markets	19,101	18,864	1
Multi-Asset	2,854	2,883	(1)
Total Long-Term Assets	219,980	199,229	10
Money Market	682,604	630,349	8
Total Managed Assets	\$ 902,584	\$ 829,578	9 %

Average managed assets represent the average balance of AUM during a period of time. Because substantially all revenue and certain components of distribution expense are generally calculated daily based on AUM, changes in average managed assets are typically a key indicator of changes in revenue earned and asset-based expenses incurred during the same period. Average managed assets for the past three years were as follows:

<i>dollars in millions</i>	Year Ended December 31,			2025 vs. 2024	2024 vs. 2023
	2025	2024	2023		
Equity	\$ 88,627	\$ 79,893	\$ 81,348	11 %	(2)%
Fixed-Income	99,446	96,773	89,079	3	9
Alternative / Private Markets	19,474	20,250	21,096	(4)	(4)
Multi-Asset	2,853	2,902	2,887	(2)	1
Total Long-Term Assets	210,400	199,818	194,410	5	3
Money Market	643,025	588,653	511,568	9	15
Total Average Managed Assets	\$ 853,425	\$ 788,471	\$ 705,978	8 %	12 %

Changes in Federated Hermes' average asset mix year-over-year across both asset classes and offering types have a direct impact on Federated Hermes' operating income. Asset mix impacts Federated Hermes' total revenue due to the difference in the fee rates earned on each asset class and offering type per invested dollar. Generally, advisory fees charged for services provided to multi-asset and equity offerings are higher than advisory fees charged to alternative/private markets and fixed-income offerings, which in turn are higher than advisory fees charged to money market offerings. Likewise, Federated Hermes Funds typically have higher advisory fees than Separate Accounts. Additionally, certain components of distribution expense can vary depending upon the asset class, distribution channel and/or the size or structure of the customer relationship. Federated Hermes generally pays out a larger portion of the revenue earned from managed assets in money market, multi-asset, and fixed-income funds than the revenue earned from managed assets in equity and alternative/private markets funds.

## Revenue

Federated Hermes' revenue from investment advisory, administrative and other service fees over the last three years were as follows:

<i>dollars in thousands</i>	Year Ended December 31,			2025	2024
	2025	2024	2023	vs. 2024	vs. 2023
Investment Advisory Fees, net	<b>\$ 1,199,236</b>	\$ 1,097,866	\$ 1,115,783	9 %	(2)%
Administrative Service Fees, net	<b>419,759</b>	387,531	343,332	8	13
Other Service Fees, net	<b>181,668</b>	146,696	150,459	24	(3)
Total Revenue	<b>\$ 1,800,663</b>	\$ 1,632,093	\$ 1,609,574	10 %	1 %

## Investment Offerings

Federated Hermes offers a wide range of investment offerings, including money market, equity, fixed-income, alternative/private markets and multi-asset offerings. Federated Hermes' offerings include products and strategies expected to be in demand under a variety of economic and market conditions. Federated Hermes has structured its investment process to meet the requirements of fiduciaries and others who use Federated Hermes' offerings to meet the needs of their customers. Fiduciaries typically have stringent demands regarding portfolio composition, risk and investment performance.

Federated Hermes, which began selling money market fund offerings to institutions in 1974, is one of the largest U.S. managers of money market assets, with \$682.6 billion in AUM at December 31, 2025. Federated Hermes has developed expertise in managing cash for institutions, which typically have strict requirements for regulatory compliance, relative safety, liquidity and competitive yields. Federated Hermes also manages retail money market offerings that are typically distributed through broker/dealers and other financial intermediary customers. At December 31, 2025, Federated Hermes managed money market assets across a wide range of categories: government (\$420.5 billion); prime (\$242.7 billion); and municipal (or tax-exempt) (\$19.4 billion).

Federated Hermes' equity managed assets totaled \$97.9 billion at December 31, 2025 and are managed across a wide range of categories including: value and income (\$37.5 billion); growth (\$25.3 billion); international/global (\$23.2 billion); and blended (\$11.9 billion).

Federated Hermes' fixed-income managed assets totaled \$100.1 billion at December 31, 2025 and are managed across a wide range of categories including: multisector (\$67.4 billion); high-yield (\$11.3 billion); municipal (or tax-exempt) (\$7.2 billion); U.S. corporate (\$6.8 billion); U.S. government (\$5.1 billion); international/global (\$1.6 billion); and mortgage-backed (\$0.7 billion).

Federated Hermes' alternative/private markets and multi-asset managed assets totaled \$22.0 billion at December 31, 2025 and are managed across a wide range of categories including: real estate (\$5.3 billion); private equity (\$5.2 billion); private credit (\$3.7 billion); multi-asset (\$2.9 billion); infrastructure (\$2.9 billion) and other alternatives (\$2.0 billion).

Investment offerings are generally managed by a team of portfolio managers supported by fundamental and quantitative research analysts. Federated Hermes' proprietary, independent investment research process is centered on the integration of several qualitative and quantitative disciplines including: fundamental research and credit analysis; integration of proprietary insights from fundamental investment analysis, including governance, environmental and social factors and engagement interactions (for many of Federated Hermes' offerings); quantitative research models; style-consistent and disciplined portfolio construction and management; performance attribution; and trading.

See Note (5) to the Consolidated Financial Statements for information on revenue concentration risk.

## Distribution Channels and Product Markets

Federated Hermes' distribution strategy is to provide investment offerings to more than 11,000 institutions, financial intermediaries and other customers, including, among others, banks, broker/dealers, registered investment advisors, government entities, corporations, insurance companies, foundations and endowments. Federated Hermes uses its trained sales force of nearly 250 representatives and managers, backed by an experienced support staff, to make available and distribute its offerings, add new customer relationships and strengthen and expand existing relationships.

Federated Hermes' offerings are made available and distributed in three markets. These markets, and the relative percentage of managed assets at December 31, 2025 attributable to such markets, are as follows: U.S. financial intermediary (68%); U.S. institutional (25%); and international (7%).

U.S. Financial Intermediary Federated Hermes makes available and distributes its offerings in this market through a large, diversified group of over 7,000 national, regional and independent financial intermediary customers, including broker/dealers, banks and registered investment advisors. Financial intermediaries use Federated Hermes' offerings to meet the needs of their customers, who are often retail investors. Federated Hermes offers a full range of offerings to these customers, including Federated Hermes Funds and Separate Accounts (including private funds). As of December 31, 2025, managed assets in the U.S. financial intermediary market included \$491.1 billion in money market assets, \$70.3 billion in equity assets, \$46.9 billion in fixed-income assets, \$2.6 billion in multi-asset and \$1.8 billion in alternative/private markets assets.

U.S. Institutional Federated Hermes makes available and distributes its offerings to a wide variety of domestic institutional customers including, among others, government entities, not-for-profit entities, corporations, corporate and public pension funds, foundations, endowments and non-Federated Hermes investment companies or other funds. As of December 31, 2025, managed assets in the U.S. institutional market included \$167.9 billion in money market assets, \$49.6 billion in fixed-income assets, \$7.3 billion in equity assets, \$1.2 billion in alternative/private markets assets and \$0.2 billion in multi-asset.

International Federated Hermes manages assets from non-U.S. institutional and financial intermediary customers through subsidiaries focused on gathering assets in Europe, the Middle East, Canada, Latin America and the Asia Pacific region. As of December 31, 2025, managed assets in the international market included \$23.6 billion in money market assets, \$20.3 billion in equity assets, \$16.0 billion in alternative/private markets assets and \$3.6 billion in fixed-income assets.

## **Competition**

As of December 31, 2025, Federated Hermes had \$624.3 billion of Federated Hermes Fund AUM and \$278.3 billion of Separate Account AUM. Of the Separate Account AUM, \$40.6 billion related to SMAs.

The investment management business is highly competitive across all types of investment offerings, including mutual funds, exchange traded funds (ETFs), SMAs, institutional accounts, sub-advised funds and other managed offerings. Competition is particularly intense among mutual fund and ETF providers. According to the Investment Company Institute (ICI), at the end of 2025, there were over 6,000 open-end mutual funds and over 4,000 ETFs of varying sizes and investment objectives whose shares are currently being offered in the U.S.

In addition to competition from other mutual fund managers, ETF providers and investment advisors, Federated Hermes competes with investment alternatives offered by insurance companies, commercial banks, broker/dealers, deposit brokers, private markets/alternative product managers and other financial institutions. Federated Hermes launched its first ETFs in December 2021 and currently has ten ETFs in its offerings as of December 31, 2025.

Competition for sales of investment offerings is influenced by various factors, including investment performance, attainment of stated objectives, yields and total returns, fees and expenses, advertising and sales promotional efforts, investor confidence and preference, relationships with intermediaries and other customers and type and quality of services.

## **Regulatory Matters**

The business and regulatory environments in which Federated Hermes operates globally remain complex, uncertain and subject to change. Federated Hermes, its investment management business, and offerings are subject to extensive regulation, both within and outside of the U.S. With Federated Hermes' global operations, Federated Hermes, and certain of its subsidiaries and offerings (such as the Federated Hermes Funds), are registered with or licensed by, and subject to examination by, various U.S. and/or non-U.S. regulators, self-regulatory agencies or exchanges, such as, among others, the U.S. Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), Commodity Futures Trading Commission (CFTC), Department of Labor (DOL), New York Stock Exchange (NYSE), U.K. Financial Conduct Authority (FCA), Central Bank of Ireland (CBI), Cayman Island Monetary Authority (CIMA), Monetary Authority of Singapore, Australian Securities and Investments Commission (ASIC) and Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

Federated Hermes' business and offerings, are subject to various U.S. and/or non-U.S. laws, regulations, rules, codes, notices, directives, guidelines, listing standards, judicial decisions, orders, circulars and/or conditions (collectively, as applicable, regulatory requirements), including regulatory requirements that impose restrictions, limitations, registration, reporting and disclosure requirements on its business and offerings, and add complexity to its global compliance operations. These include,

for example: (1) federal securities laws such as the Securities Act of 1933 (1933 Act), the Securities Exchange Act of 1934 (1934 Act), the 1940 Act, Advisers Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), and the Sarbanes-Oxley Act of 2002 (SOX) and related regulations; (2) the NYSE Listed Company Manual; (3) corporate laws regarding governance, reporting, disclosure and other requirements; (4) state or foreign laws regarding securities fraud, securities registration, reporting and escheatment of unclaimed or abandoned property; (5) various privacy, and data protection laws and regulations, such as Regulation S-P in the U.S. and the General Data Protection Regulation (GDPR) of the European Union (EU) and U.K. GDPR; (6) various financial crime laws, such as anti-money laundering, anti-terrorist financing, economic, trade and financial sanctions, both domestically and internationally; (7) various cross-border regulatory requirements, such as the anti-bribery and anti-corruption rules under the Foreign Corrupt Practices Act of 1977 (FCPA) and U.K. Bribery Act 2010; and (8) regulations or other rules promulgated by various regulatory or other authorities. The regulatory requirements applicable to Federated Hermes' business and offerings also include economic, trade and financial sanctions regulatory requirements, such as the sanctions programs administered by the Office of Foreign Assets Control of the U.S. Department of Treasury (USDT), as well as sanctions programs adopted and administered by non-U.S. jurisdictions where Federated Hermes' offerings are distributed. Certain regulatory requirements, both in the U.S. and outside the U.S., are extra-territorial. Federated Hermes also must comply with complex and changing tax regimes in the jurisdictions where it operates. Federated Hermes monitors, reviews and assesses proposed new or revised regulatory requirements that are proposed from time to time (collectively, as applicable, regulatory developments). These regulatory requirements and regulatory developments continue to impact the investment management industry generally, and will continue to impact, to various degrees, Federated Hermes' business, results of operations, financial condition, cash flows, stock price and reputation (collectively, Financial Condition). Please see Federated Hermes' prior public filings, including the discussions under Part 1, Item 2 – Management's Discussion and Analysis – Business Developments – Current Regulatory Developments, in Federated Hermes' Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2025, June 30, 2025, and September 30, 2025 for an overview of Federated Hermes' regulatory environment and related key regulatory developments and requirements for periods prior to September 30, 2025. See also Item 1A – Risk Factors – General Risk Factors – Regulatory and Legal Risks – Potential Adverse Effects of Changes in Laws, Regulations and Other Regulatory Requirements for additional information.

#### Current Regulatory Environment – Domestic

The legislative and regulatory environment in the U.S. is dynamic. Federated Hermes' primary regulator in the U.S. is the SEC. The new Presidential administration has fundamentally redirected the SEC away from expansive regulation and aggressive enforcement since taking office in January 2025, emphasizing deregulation, capital formation and “back-to-basics” investor protection. This shift has occurred rapidly through executive orders, SEC leadership changes and the number and type of SEC enforcement actions during 2025.

Upon returning to office, the President issued two executive orders asserting broader presidential authority over federal agencies than previous administrations in furtherance of implementing a deregulatory agenda. For instance, on January 20, 2025, the President issued an executive order implementing a regulatory freeze pending review of existing proposed regulations. On February 18, 2025, the President issued another executive order changing the manner in which federal agencies promulgate new regulations. Under this executive order, all independent agencies, such as the SEC, are required to submit proposed new regulations to the White House Office of Information and Regulatory Affairs (White House) for review (except for monetary functions of the Board of Governors of the Federal Reserve System (Federal Reserve)) and must consult with the White House on their priorities and strategic plans. These executive orders, coupled with a 15% reduction in the SEC's workforce from the previous administration, have led to a slower pace of SEC proposals and final regulations in 2025.

The SEC had one of its most active rulemaking years in 2024, while 2025 saw far fewer new proposals, a significant reduction in finalized substantive rules, and a large-scale withdrawal of pending proposals. For instance, in 2024, the SEC planned to finalize approximately 18 major rules across investment management, public company disclosure, governance, environmental, and social disclosure, cybersecurity, market structure and private funds. Moreover, the SEC's Regulatory Flex Agenda in 2024 routinely contained 30-40 active items, reflecting a sustained pipeline of proposed and final rules. By contrast, 2025 saw pronounced deceleration, with the SEC's Spring Regulatory Flex Agenda in 2025 listing only 23 items scheduled for action in the next 12 months, down significantly from the Fall Regulatory Flex Agenda in 2024 and far below historical averages. In 2024, the SEC finalized numerous substantive rules, while final rules issued in 2025 were predominantly technical amendments, compliance-date extensions, delegations of authority and procedural or administrative items. In 2025, the SEC also formally abandoned many inherited initiatives, including withdrawing proposals on governance, environmental, and social disclosures, cybersecurity risk management, predictive data analytics, investment advisor outsourcing oversight and climate-related disclosures.

The SEC's enforcement actions in fiscal year 2025 also declined compared to previous years. For instance, in 2025, the SEC initiated 313 total new enforcement actions, a 27% decrease from fiscal year 2024. Moreover, the SEC initiated only four enforcement actions against public companies during 2025. Total monetary settlements decreased by 45% to \$808 million, which is the lowest annual total since fiscal year 2012 and less than half of the fiscal year 2014 to 2024 average \$1.9 billion in total annual settlements. During 2025, the SEC shifted its focus toward traditional enforcement areas, such as insider trading and fraud, and away from novel areas like cryptocurrency.

On November 17, 2025, the SEC announced that its 2026 examination priorities will be focused on advancing compliance, preventing fraud, informing policy decisions and monitoring risk. Examination topics of focus include, among other topics: (1) investment advisor fiduciary duty and standards of conduct, including adherence to the duty of care and duty of loyalty and conflicts of interest; (2) investment advisor compliance program effectiveness; (3) recently registered investment advisors and investment advisors that have never been examined; (4) registered investment company compliance programs, disclosures, filings and governance practices, with focus on fund fees and expenses, portfolio management practices and disclosures; (5) broker-dealer financial responsibility rules; (6) broker-dealer trading-related practices and services; (7) broker-dealer retail sales practices, including compliance and regulation best interest; (8) self-regulatory organizations, such as national securities exchanges, FINRA and the Municipal Securities Rulemaking Board; (9) clearing agencies; (10) other market participants, such as municipal advisors, transfer agents, funding portals, security-based swap dealers and security-based swap execution facilities; and (11) risk areas impacting various market participants, such as cybersecurity, Regulation S-ID and Regulation S-P, emerging financial technology, regulation systems compliance and integrity, and anti-money laundering. The SEC has emphasized that its published examination priorities are not an exhaustive list, and examination priorities may shift in response to new or emerging risks, products and services, market events or investor concerns.

On December 11, 2025, the Financial Stability Oversight Council (FSOC) issued its 2025 Annual Report. In contrast to its previous annual reports, FSOC focused on deregulation to promote economic growth. The 2025 Annual Report was accompanied by an introductory letter written by the U.S. Secretary of the Treasury, which focused on the importance of economic growth and economic security to promote financial stability. The Treasury Secretary announced that FSOC "will work with and support [its] member agencies in considering whether aspects of the U.S. financial regulatory framework impose undue burdens and negatively impact economic growth." And in contrast to last year's report, which focused on 14 "risks" and "vulnerabilities," the 2025 Annual Report discusses four "key areas of focus" for the upcoming year: (1) bolstering the Treasury market; (2) strengthening cybersecurity; (3) enhancing supervisory and regulatory frameworks for depository institutions; and (4) using artificial intelligence (AI) to strengthen financial stability.

On December 9, 2025, FINRA published its "2026 FINRA Annual Regulatory Oversight Report" (FINRA 2026 Report), which purports to provide insight into findings from FINRA's regulatory operations programs. In the FINRA 2026 Report, FINRA focuses on regulatory obligations, examination observations, and effective practices in a number of areas, including, for example: (1) generative AI, including continuing and emerging trends; (2) financial crimes prevention, including cybersecurity and cyber-enabled fraud, anti-money laundering, fraud and sanctions, and manipulative trading; (3) firm operations; (4) cryptocurrency; (5) communications and sales; (6) market integrity; and (7) financial management. In the FINRA 2026 Report, FINRA notes that "firms may consider the information in this Report in developing new, or modifying existing, compliance practices."

Please see Federated Hermes' prior annual and periodic SEC filings for additional information regarding other U.S. regulatory developments and regulatory requirements that can impact Federated Hermes and its offerings. These include, among others: (1) money market fund reforms; (2) open-end mutual funds and liquidity management; (3) amendments to Rule 35d-1 under the 1940 Act (Names Rule); (4) amendments to broker-dealer FOCUS reports; (5) the Federal Trade Commission's (FTC) decision to end defense of its noncompete ban, which was struck down by a Federal District Court in Texas, and new enforcement initiatives; (6) tailored shareholder reports; (7) amendments to Form PF; (8) share repurchase disclosure modernization, which was vacated by the U.S. Court of Appeals for the Fifth Circuit; (9) the impact of several recent court decisions that impact the regulation of the investment management industry, including, among other things, the potential ability to challenge regulation, the SEC's ability to bring enforcement actions seeking civil penalties, and the validity of certain final rules adopted by the SEC; (10) executive orders impacting the investment management industry; (11) customer identification programs for investment advisors; and (12) recent actions by state attorneys general and financial officers impacting governance, environmental and social framework-aligned investment strategies and climate disclosure groups.

In addition to the above matters, key recent regulatory requirements and regulatory developments in the U.S. since September 30, 2025, that can significantly impact or relate to Federated Hermes' business and offerings include, among others, the following. Unless otherwise noted, Federated Hermes is evaluating the impact of the matters described on its business and offerings.

***Proposed Amendments to Form N-PORT Reporting; Extension of Compliance Dates for Names Rule Reporting.*** On February 18, 2026, the SEC proposed amendments to certain registered investment company reporting requirements on Form N-PORT to: (1) provide funds with an additional 15 days to file monthly reports of portfolio-related information; (2) reduce the publication of reports from monthly to quarterly; (3) streamline or remove certain reported information; and (4) require certain additional information for funds, including certain identifying information and information about funds with share classes that operate as ETFs. The SEC also extended the compliance dates for amendments to Form N-PORT that relate to the Names Rule to November 17, 2027, for fund groups, such as the Federated Hermes Funds, with net assets of \$10 billion or more as of the end of their most recent fiscal year, and to May 18, 2028, for fund groups with less than \$10 billion in net assets as of the end of their most recent fiscal year. The public comment period on the proposed Form N-PORT amendments will end on the date that is 60 days after the proposal is published in the Federal Register.

***SEC Frequently Asked Questions (FAQs) on the Names Rule.*** On February 18, 2026, the SEC issued additional FAQs on the Names Rule. The FAQs related to: (1) shareholder notice of certain changes to non-fundamental 80% investment policies; (2) the Names Rule's treatment of unfunded commitments for certain funds; (3) the use of "Growth" or "Value" in certain fund names; and (4) the use of "Merger" or "Merger Arbitrage" in fund names.

***SEC Chairperson Testifies that the SEC is Open for Certain Additional Money Market Fund Reforms.*** On February 11, 2026, the SEC Chairperson testified before the U.S. House of Representatives Financial Services Committee in respect of the mandatory redemption fee required under the SEC's 2023 money market fund reforms that "[a]ll these things are open" and "[y]es, we're looking at all of these things." In response to a letter from a member of the Financial Services Committee, the SEC Chairperson indicated that the SEC Staff is working with the fund industry on provisions in Rule 2a-7 under the 1940 Act that require liquidity fees on institutional prime and institutional municipal (tax-exempt) money market funds when they reach a certain threshold of investor redemptions. Federated Hermes previously submitted letters to the SEC Chairperson on April 28, 2025 and July 11, 2025, in which Federated Hermes expressed its view that the SEC's adoption of the 2023 amendments to Rule 2a-7 under the 1940 Act related to the mandatory liquidity fee framework for institutional prime and institutional municipal (tax-exempt) money market funds violated the Administrative Procedures Act and should be repealed. Federated Hermes believes this violation stems from the SEC's failure to conduct a proper cost-benefit analysis, the establishment of an arbitrary threshold for mandatory liquidity fees, the absence of an analysis of less restrictive alternatives, and the lack of adequate notice and opportunity for public comment.

***SEC FAQs on Net Performance and Promotor Disqualification.*** On January 15, 2026, the SEC published two new FAQs aimed at addressing challenges faced by investment advisors complying with Rule 206(4)-1 under the Advisers Act (Marketing Rule). The Marketing Rule permits investment advisors to calculate net performance applying either actual or model fees. Despite this apparent flexibility in the rule, footnote 590 of the Marketing Rule Adopting Release states that if the fees charged to the intended audience of an advertisement are anticipated to be higher than the actual fees used to calculate net performance, the investment advisor "must use a model fee that reflects the anticipated fee to be charged in order not to violate the rule's general prohibitions." The new FAQ clarifies that the guidance in footnote 590 should be interpreted through the lens of the Marketing Rule's general prohibitions, which are intended to "provide appropriate flexibility and regulatory certainty for investment advisors considering how to market their investment advisory services" and "[i]n applying the general prohibitions, an investment advisor should consider the facts and circumstances of each advertisement." In the SEC Staff's view, whether the use of actual fees violates the general prohibitions depends on all of the facts and circumstances of a specific advertisement, including, but not limited to, relevant disclosures. The SEC Staff's view is that investment advisors can use various means to illustrate the effect of differences between actual fees and anticipated fees on performance. This guidance provides welcome relief for investment advisors that have struggled to apply the prescriptive language in footnote 590 to various forms of investment performance. The second FAQ provides guidance on circumstances in which investment advisors can engage certain persons to provide testimonials or endorsements.

***SEC Chairperson Issues Statement on Reforming Regulation S-K.*** On January 13, 2026, the Chairperson of the SEC stated that: "[t]oday, the disclosure that companies provide in response to the myriad requirements of Regulation S-K does not always reflect information that a reasonable investor would consider important in making an investment or voting decision." Towards the goal of eliminating requirements to disclose "undisputably immaterial information," the Chairperson has instructed the SEC's Division of Corporation Finance to undertake a comprehensive review of Regulation S-K. He noted that this process began in May 2025, with the solicitation of public comments on the executive compensation disclosure requirements of Regulation S-K, Item 402. The SEC Staff is evaluating the comments received with respect to Item 402 of Regulation S-K and is preparing revision recommendations. The SEC will now focus on the other Regulation S-K disclosure requirements "with the goal of revising the requirements to focus on eliciting disclosure of material information and avoid compelling the disclosure of immaterial information." As part of this effort, the SEC has requested that public comments be submitted by April 13, 2026.

***Proposal to Eliminate Annual Shareholder Meetings for Exchange Listed Closed-End Funds (CEFs) Withdrawn .*** On December 12, 2025, Cboe Global Markets Inc. (Cboe) withdrew its May 20, 2025 proposal (Cboe Proposal) that would have exempted newly-listed CEFs from the requirement to hold annual shareholder meetings and, subject to shareholder approval, also would have exempted previously listed CEFs from the annual shareholder meeting requirement. The SEC was originally expected to decide on the Cboe Proposal by December 2025, but extended the review period to February 2026, signaling unresolved concerns. On January 5, 2026, the NYSE withdrew a similar June 6, 2025 proposal to exempt newly listed CEFs and, subject to shareholder approval, previously listed CEFs from the annual shareholder meeting requirement. The withdrawals by the Cboe and NYSE terminated their rulemaking efforts before a final SEC decision. While Federated Hermes is not currently aware of any plan by the NYSE or Cboe to revise or resubmit their Proposals, it is possible that the Texas Stock Exchange could submit its own proposal to exempt newly-listed CEFs from the annual shareholder meeting requirement. Federated Hermes fully supported efforts to eliminate annual shareholder meetings for exchange listed CEFs because, in Federated Hermes' view, CEFs are more akin to registered mutual funds, which are not required to have annual meetings, than listed operating companies and the annual shareholder meeting requirement subjects them to attack by activist shareholders who buy discounted shares and then take action to force the CEFs to incur liquidity events (such as tender offers, reorganizations, or open-ending of the CEFs) to realize or arbitrage the difference between the discounted purchase prices and the CEFs' net asset value (NAV), all to the detriment of the CEFs and their long-term investors.

***Regulation of Proxy Advisors.*** On December 11, 2025, the President issued an executive order titled "Protecting American Investors From Foreign-Owned and Politically-Motivated Proxy Advisors." The executive order states that certain proxy advisory firms wield too much influence (including with respect to corporate governance, shareholder proposals, retirement investing, etc.) and are using that influence "to advance and prioritize radical politically-motivated agendas" related to diversity, equity, and inclusion and governance, environmental, and social issues. The executive order aims to increase federal oversight over the proxy advisory industry by directing: (1) the SEC to conduct a comprehensive review of the existing regulatory framework governing proxy advisors; (2) the FTC to examine ongoing state antitrust investigations involving proxy advisors and determine whether they engage in unfair methods of competition; and (3) the DOL to assess Employee Retirement Income Security Act regulations to ensure "proxy advisors act solely in the financial interests of plan participants." The new directives signal that federal oversight of both proxy advisors and the institutional investors who rely on them will likely intensify, with a shift toward higher transparency expectations, potential enforcement activity, and closer review of voting rationales involving anything other than strictly financial considerations.

***FSOC Considering Revision to Nonbank Designation Guidance.*** On December 11, 2025, FSOC met in executive and open sessions to discuss several priority initiatives for 2026. Among other topics, FSOC discussed potential changes to the current interpretive guidance regarding nonbank financial company determinations and the framework for financial stability risk identification, assessment and response, which were adopted in November 2023. Under this guidance, FSOC can designate certain non-bank financial companies as systematically important financial institutions (SIFI), which are subject to supervision and regulation by the Federal Reserve. While the new guidance was purportedly intended to provide greater transparency to the public about how FSOC identifies, assesses, and addresses potential risks to financial stability, regardless of whether the risk stems from activities, individual firms or otherwise, it had the effect of potentially bringing a wider range of companies within the Federal Reserve's jurisdiction, including potentially money market funds and other investment companies. In connection with the December 11, 2025 FSOC meeting, the SEC Chairperson issued a statement indicating that he "was especially encouraged to see revising the nonbank designation guidance on the agenda" and stated that the current guidance creates the risk of arbitrary designation, creating significant regulatory risk for companies not engaged in traditional banking businesses. If Federated Hermes or a Federated Hermes Fund were designated as a SIFI, among other things, they would become subject to enhanced regulatory requirements and direct supervision by the Federal Reserve, which could result in increased operating and compliance costs and potentially restrict business activities. Accordingly, Federated Hermes strongly encourages the FSOC to revise the 2023 nonbank designation guidance to eliminate the risk of money market funds or other investment companies being designated as a SIFI.

***Investment Company Institute Recommendations for a Default E-Delivery Framework.*** On November 18, 2025, the ICI submitted a letter to the SEC providing recommendations and data in support of SEC rulemaking that would allow funds to deliver documents to shareholders electronically on a default basis, rather than requiring shareholders to affirmatively opt in to electronic delivery. In the letter, the ICI articulated the numerous benefits of e-delivery to investors, including better alignment with evolving investor preferences, enhanced investor protection and a better investor experience, cost savings for funds and shareholders, and reduced waste and supply chain concerns. Federated Hermes strongly supports the ICI's position and believes adoption of e-delivery on a default basis is in the best interest of shareholders. On February 11, 2026, the SEC Chairperson testified before the U.S. House of Representatives Financial Services Committee that he has instructed the SEC Staff to work on a proposed rule that would make e-delivery the default option for delivering fund disclosures to investors.

***Scrutiny of Governance, Environmental and Social Initiatives.*** Recent state and federal actions highlight continuing scrutiny of governance, environmental and social framework aligned investment strategies and climate disclosure groups.

*FTC Investigates Major Proxy Advisory Firms over Antitrust Concerns.* It has been reported that the FTC has launched an investigation into two major proxy advisory firms for potential violations of antitrust laws by guiding shareholders on politically sensitive votes. The probe, which remains in its early stages, follows intensified Republican scrutiny from both the House Judiciary Committee and Senate Banking Committee over potential conflicts of interest and political bias in the firms' recommendations.

*Florida Attorney General Sues Proxy Advisory Firms for Deceiving Investors and Manipulating Corporate Governance.* On November 20, 2025, the Florida Attorney General filed a lawsuit against two major proxy advisory firms targeting alleged "anticompetitive" conduct. The complaint alleges that the two firms "deceived" investors and weaponized their influence to "impose [a] radical ideological agenda" on American companies and Florida consumers, through the use of "lockstep" voting that stifles competition and harms shareholders.

*Nonprofits Challenge Texas Senate Bill (S.B.)2337.* On November 10, 2025, a coalition of Texas nonprofits filed a lawsuit challenging Texas S.B. 2337 (which was enacted to regulate proxy advisor firms that provide recommendations involving governance, environmental and social factors or diversity, equity and inclusion factors), arguing that the law violates the First and Fourteenth Amendments to the U.S. Constitution. The plaintiffs contend that the statute's requirement to label any advice incorporating governance, environmental and social factors or diversity, equity and inclusion factors or other "nonfinancial" considerations as unrelated to shareholders' financial interests constitutes unconstitutional compelled speech—including for faith-based investors whose recommendations are grounded in religious values. They further argue that the law is overly broad and vague, risking penalties for a wide range of nonprofits and smaller organizations engaged in shareholder advocacy, investment research, or public education. The lawsuit follows an earlier injunction obtained by major proxy advisory firms, marking an escalation in legal challenges to Texas's anti-governance, environmental and social regulatory framework.

#### Current Regulatory Environment – International

Like the U.S., the legislative and regulatory environment outside the U.S. is dynamic. Federated Hermes' primary regulators outside the U.S. include the FCA in the U.K. and the CBI in Ireland. Depending upon where Federated Hermes is doing business, or distributing or marketing its offerings, other regulators in other jurisdictions outside the U.S. can also regulate Federated Hermes and its business and offerings. Consequently, regulatory developments and regulatory requirements promulgated, or recommended, by, among others, the European Commission, European Securities and Markets Authority (ESMA), Bank of England (BoE), His Majesty's Treasury (HMT), FCA, CBI, CIMA, Monetary Authority of Singapore, ASIC, CSSF, Financial Stability Board (FSB), and International Organization of Securities Commission (IOSCO) can apply to or impact Federated Hermes and its business and offerings.

The pace of proposed and new regulatory developments and regulatory requirements outside the U.S. continued throughout 2025 and is expected to continue in 2026. In the U.K., in its Annual Work Programme for 2025/26 published on April 8, 2025, the FCA reaffirmed its goal to deliver on the public commitments set out in its five-year strategy for 2025 to 2030. The FCA stated that in 2025 to 2026 it expects to focus on: (1) improving regulatory efficiency and enhancing its supervision model by continuing to digitize the FCA authorization process and reduce regulatory burdens for firms; (2) putting consumers' needs first, which will include further work on embedding the Consumer Duty that took effect in July 2023; and (3) supporting the U.K.'s economic growth by implementing a new prospectus regime, considering more options for the payment of investment research by asset managers and enhancing productivity through the increased encouragement of digitized initiatives such as fund tokenization.

In the EU, ESMA's 2026 Work Programme for the investment management sector was published on October 3, 2025. ESMA's 2026 Work Programme focuses on financial stability, risk assessment, effective supervision, sustainability in investment management, effective use of technological innovation, retail consumer protection, and further work on regulating governance, environmental and social rating providers. This is reflected in the regulatory priorities outlined by national regulators, including the CBI. On February 28, 2025, the CBI disclosed that its key regulation and supervision priorities include, among other areas, (1) assessing and managing risks to the financial and operational resilience of firms; (2) addressing systemic risks generated by non-banks; (3) finalizing the revised Consumer Protection Code and the Individual Accountability Framework; (4) ensuring that the EU Anti-Money Laundering Plan results in a consistent and robust EU-wide framework; (5) enhancing digital operational resilience and implementing changes to the fitness and probity process for the firms it supervises; (6) strengthening the resilience of the financial system to climate risks; (7) preparing for the EU Artificial Intelligence Act with further engagement with the use of AI in financial services; and (8) implementing the Markets in Crypto Assets Regulation.

Please see Federated Hermes' prior annual and periodic SEC filings for additional information regarding other non-U.S. regulatory developments and regulatory requirements that can impact Federated Hermes and its offerings. These include, among others: (1) money market fund reform initiatives in the U.K., EU, and internationally; (2) U.K. and EU sustainability disclosure and related requirements; (3) EU regulatory developments such as the EU Retail Investment Package, review of the EU Undertakings for the Collective Investment in Transferable Securities (UCITS) Eligible Assets Directive (EAD), and the Digital Operational Resilience Act; and (4) U.K. regulatory developments such as the U.K. Overseas Funds Regime, and the re-introduction of the possibility of bundling investment research costs.

In addition to the above matters, key recent regulatory requirements and regulatory developments outside the U.S. since September 30, 2025, that can significantly impact or relate to Federated Hermes' business and offerings include, among others, the following. Unless otherwise noted, Federated Hermes is evaluating the impact of the matters described on its business and offerings.

***U.K. and EU Money Market Fund reform.*** In the EU, the European Systemic Risk Board published a compliance report on the implementation of its recommendations on the reform of MMFs on February 12, 2025. It is yet to be established whether there will be substantive changes to the EU MMF Regulation following that report. On April 17, 2025, the CBI published a "Notice of Intention on ESMA Guidelines on Stress Testing Scenarios under the Money Market Fund (MMF) Regulation" in which the CBI indicated its expectation of full compliance with ESMA's updated MMF stress-testing guidelines, which ESMA published on February 24, 2025 and applied beginning on May 4, 2025. These guidelines, updating 2024 parameters, establish common risk scenarios (credit, interest rate, liquidity, redemption) under Article 28 of the MMFR, and apply to competent authorities, MMFs and managers of MMFs. On January 13, 2026, ESMA published a Final Report titled "Guidelines on stress test scenarios under the MMF Regulation," which includes updated guidelines and risk parameters, so that managers of MMFs have the information needed to fill in the reporting template mentioned in the MMF Regulation. In the U.K. and EU, public statements regarding progress on reforms of the regulatory regime for MMFs are expected. In the U.K., the FCA and BoE published a joint consultation setting forth their proposals for a post-Brexit MMF regime in the U.K., while HMT consulted on changes to legislation. While the U.K. regime proposed by the FCA and BoE was substantially based on the EU MMF Regulation, certain differences were proposed. As of January 31, 2026, the European Commission has not yet reopened its MMF Regulation file.

***U.K. FCA Consultation Paper 25/36 on Client Categorization and Conflicts of Interest.*** The FCA issued a consultation paper on proposed changes to the elective professional client categorization rules concerning the qualitative tests required for these types of clients to be considered professional clients. The consultation closed on February 2, 2026.

***EU UCITS – Review of eligible assets.*** The EU is assessing whether to make changes to the EAD, which sets out the types of investments that can be acquired by an EU UCITS and the applicable requirements. On June 26, 2025, ESMA published its technical advice to the European Commission regarding its review of the EAD. Key changes proposed by ESMA include: (1) applying a look-through approach to determine the eligibility of assets that UCITS can invest in to address circumstances where a UCITS acquires exposure to an ineligible asset class by investing in an eligible wrapper; (2) requiring an assessment of the liquidity of individual assets (in addition to portfolio level liquidity monitoring); and (3) relaxing some aspects of the rule permitting up to 10% of assets to be invested in assets that do not meet the standard eligibility requirements and that would not be subject to the look-through assessment. The European Commission is considering ESMA's technical advice, plans to issue public consultations and market analysis in 2026, and will decide whether to move forward with legislation.

***Liquidity risk management for open-end funds.*** The regulatory requirements relating to liquidity risk management for open-end funds continue to be refined in the EU and U.K. Those developments are occurring in the context of the ongoing international efforts to enhance and harmonize liquidity risk management requirements for collective investment schemes. These include updates to the Recommendations for Liquidity Risk Management originally published and developed by IOSCO in 2018, with IOSCO publishing its final report on revisions to those recommendations on May 27, 2025. In the EU, changes are being made to the requirements regarding liquidity risk management for UCITS and open-ended alternative investment funds (AIFs) as part of the revisions to the UCITS Directive and Alternative Investment Fund Managers Directive (AIFMD). On November 17, 2025, the European Commission adopted the Delegated Regulation with regulatory technical standards (RTS) specifying the characteristics of liquidity management tools (LMTs) under the AIFMD and the UCITS Directive. The Delegated Regulation specifies the characteristics and conditions of use for a full suite of LMTs, including: (1) suspension of subscriptions, repurchases, and redemptions; (2) redemption gates; (3) extension of notice periods; (4) redemption fees; (5) swing pricing; (6) dual pricing; (7) anti-dilution levies; (8) redemptions in kind; and (9) side pockets. The goal is to ensure consistent application, supervisory convergence, and enhanced investor protection, while giving fund managers the flexibility to manage liquidity stress effectively. The Delegated Regulation applies to all EU managers of open-ended AIFs and UCITS

funds. Under AIFMD II and the amended UCITS Directive, managers must select at least two LMTs per fund (MMFs can select only one). These tools must be calibrated to the fund's strategy, investor base, liquidity profile, and distribution channels.

On December 18, 2025, ESMA also published a revised version of its LMT guidelines for UCITS and open-end AIFs, which updated its April 2025 version to ensure full alignment with the RTS formally adopted by the European Commission on November 17, 2025. ESMA updated the guidelines to reflect that: (1) open-ended AIFs with no retail investors and a limited number of professional investors can use investor-level redemption gates alone or in combination with fund-level gates to mitigate first-mover advantage during liquidity stress; (2) explicit transaction costs must always be included in anti-dilution tool calculations; and (3) implicit transaction costs (*e.g.*, market impact, bid-ask spreads) must be included only where appropriate for the fund's strategy and estimated on a best-efforts basis. The revised guidelines apply to new funds from April 16, 2026, and existing funds have until April 16, 2027 to comply.

In the U.K., the FCA published a consultation paper on December 9, 2025 with respect to enhancing fund liquidity risk management. The proposed changes do not fundamentally alter the liquidity management requirements for U.K. open-ended funds, but do make certain changes to align the U.K. requirements with the amended IOSCO recommendations. The proposed changes are intended to apply to U.K. UCITS and U.K. non-UCITS retail schemes other than MMFs, and include: (1) requiring anti-dilution tools to be available for use, and imposing requirements and providing guidance regarding the calibration and use of such tools; (2) for transferable securities, removing the presumption that a security listed on an exchange is liquid, and thereby requiring an assessment of the liquidity of individual transferable securities (similar to ESMA's proposals for UCITS, see 'EU UCITS – Review of eligible assets'); and (3) requiring all unitholders to be treated equitably, which is expected to generally involve redemptions being satisfied by adopting a vertical slice approach to selling portfolio assets rather than selling only the most liquid assets. The FCA has not proposed extending these requirements to MMFs.

***EU and U.K. sustainability requirements for asset managers and investment offerings.*** The regulation of sustainable investment offerings remains an area of focus for regulators outside the U.S. In the EU, there is a move towards introducing a sustainability labelling regime for investment products. On November 20, 2025, the European Commission published a proposal to amend the Sustainable Finance Disclosure Regime (SFDR). The proposed changes, commonly known as "SFDR 2.0," would (1) simplify and reduce sustainability-related administrative and disclosure requirements; and (2) improve end-investors' ability to understand and compare sustainability-linked financial products by introducing a classification (*i.e.*, labelling) framework. The proposals are under review by the European legislative bodies. In the U.K., the FCA has stated that it requires additional time to consider the extension of the Sustainability Disclosure Requirements (SDR) sustainability labelling regime to asset managers providing portfolio management services, that it had consulted on in 2024. The FCA has yet to issue a consultation on the extension of the SDR sustainability labelling regime to non-U.K. funds that are recognized in the U.K.

***EU and U.K. sustainability reporting requirements for corporations.*** The application of sustainability disclosure requirements to corporations has moved forward. In the EU, work has continued on changes to simplify the reporting burden under the Corporate Sustainability Reporting Directive (CSRD) (which sets out sustainability reporting requirements for certain EU and non-EU entities), the Corporate Sustainability Due Diligence Directive (CSDDD) (which imposes a due diligence duty on certain large EU/non-EU companies to address adverse human rights and environmental impacts in their own operations, their subsidiaries and their supply chains), and the existing requirements under the EU Taxonomy. This work is known as the 'Omnibus I' package. On December 9, 2025, the European Parliament and the Council of the EU reached a provisional agreement regarding amendments to the CSRD and CSDDD, and the changes to both directives were adopted by the European Parliament on December 16, 2025 (with the Council of the EU yet to adopt its final position). As currently drafted: (1) the revisions to CSRD will reduce the scope of entities subject to sustainability disclosure requirements, as well as reduce some of the reporting burden; and (2) the revisions to CSDDD will postpone the application date to July 26, 2029, reduce the scope of entities subject to it by raising the size threshold tests, delete the requirement for undertakings to have adopted and put into effect a transition plan, and seek to take a more proportionate approach to when and what information is required under the CSRD. Regarding the EU Taxonomy, this legislation determines whether an economic activity can be considered environmentally sustainable, which is relevant for various EU regulatory regimes. The Omnibus I package changes to the EU Taxonomy are in a Delegated Act, the final version of which was published on January 8, 2026. That Delegated Act: (1) introduces a materiality threshold for when a company must assess and report on whether a specific economic activity they engage in is aligned with the EU Taxonomy; (2) simplifies the reporting templates, including significantly reducing the number of data points; and, amongst other matters, (3) amends the EU 'do no significant harm' criteria regarding pollution prevention and the use of chemicals with a view to simplifying the report. The Delegated Act became effective on January 1, 2026.

In the U.K., the U.K. Government has stated that it is creating U.K. Sustainability Reporting Standards (U.K. SRS) that will apply to U.K. incorporated entities. The U.K. SRS is to be based on the sustainability disclosure standards developed by the International Sustainability Standards Board of the International Financial Reporting Standards Foundation. A consultation on

the U.K. SRS was published on June 25, 2025 and closed on September 17, 2025. Following this, the U.K. Government and the FCA will consider how certain U.K. entities (including listing companies) will report against these standards. Meanwhile, the U.K. Government has decided that it will not develop a U.K.-specific green taxonomy.

***EU and U.K. regulation of governance, environmental and social ratings providers.*** The framework for the regulation of providers of governance, environmental and social ratings in the EU and U.K. is being developed. In the U.K., the legislation setting out the framework for the regulatory regime was finalized on December 18, 2025 and the new regime will take effect on June 29, 2028. Subject to certain exemptions, governance, environmental and social rating providers would need to be authorized and regulated by the FCA and would be subject to requirements imposed by the FCA. The FCA published a consultation paper on December 1, 2025 regarding the requirements that would apply to governance, environmental and social rating providers subject to their supervision under the U.K. regulatory regime. The proposals include a four-pillar framework that focuses on: (1) transparency; (2) governance systems and controls; (3) conflicts of interest; and (4) complaint handling requirements. The FCA also intends to apply existing baseline rules to rating providers, including (among others), the anti-greenwashing rule and Senior Managers and Certification regime. The consultation closes on March 31, 2026.

The EU is at a more advanced stage with respect to its regulatory regime for providers of governance, environmental and social ratings. The Regulation regarding the transparency and integrity of governance, environmental and social rating providers came into force on January 2, 2025 and will apply effective July 2, 2026. Once effective, governance, environmental and social rating providers operating in the EU will need to be authorized by ESMA or, for providers established outside the EU, the European Commission must have adopted an equivalence decision and the provider must be subject to supervision in that country. With respect to the detailed regulatory requirements that will apply to governance, environmental and social ratings providers in the EU, on October 25, 2025, ESMA published its final report on three sets of draft RTS covering: (1) the authorization and recognition process of governance, environmental and social rating providers; (2) the separation of business lines by governance, environmental and social rating providers; and (3) disclosure requirements imposed on governance, environmental and social rating providers.

***EU Savings and Investments Union (SIU) and Retail Investment Strategy (RIS).*** On April 15, 2025, the European Commission launched a targeted consultation on obstacles to capital markets integration across the EU. This encompassed a wide-ranging set of initiatives aimed to develop the EU capital and banking markets, and to boost the EU's economic competitiveness by improving the way the EU financial system mobilizes savings towards productive investments. One component of the SIU is the Retail Investment Strategy (RIS), which aims to reinforce investor protection rules, address the participation of retail customers in capital markets and ensure that retail investors have access to quality financial products. On December 18, 2025, the European legislative bodies announced that a provisional agreement has been reached on the RIS package, which will introduce new retail investment rules and various amendments to several EU directives, including AIFMD and Markets in Financial Instruments Directive. The RIS package will seek to address a range of concerns, including: (1) requiring value for money assessments for retail investment products, including using peer group benchmarking for such assessments; (2) strengthening the rules on inducements and conflicts of interest for retail investment products; and (3) certain changes to the required contents for packaged retail and insurance-based investment products (PRIIPs) key information documents (KIDs) to aid investor comprehension and requiring KIDs to be machine-readable. The final text of the RIS package is expected in early 2026.

***U.K. consumer access to retail products.*** In the U.K., the FCA published a discussion paper on December 8, 2025 on expanding consumer access to investments. The discussion paper describes changes to the retail investing landscape in the U.K., and states the FCA's aim to continue to help consumers access investments that suit their circumstances. While the discussion paper does not detail specific proposals, the FCA states its intention: (1) to continue to support innovation by firms in the retail investment market; (2) to consider revised requirements on how firms communicate and promote financial products to customers; and (3) to streamline its financial promotion and distribution requirements in light of the Consumer Duty rules, which came into force in July 2023.

***U.K. Consumer Composite Investments regime.*** The FCA has finalized its rules for the U.K. Consumer Composite Investments (CCIs) regime. The CCI regime will impose disclosure and related requirements on both FCA-authorized and unauthorized firms in relation to CCIs (including funds) that are or can be distributed to a retail investor in the U.K. The new rules will take effect on June 8, 2027, though firms will have the option of switching to the new disclosure regime from April 6, 2026. The CCI regime requires a "product summary" to be prepared and made available to client investors, and will replace the "PRIIPs KID" and "UCITS key investor information document" disclosure documents prepared to date for funds. The product summary is intended to be a more flexible form of disclosure, but there will be some mandatory content with prescribed requirements, including a risk and return indicator, past performance information, and cost information.

**U.K. fund dealing models and tokenization.** Fund tokenization is a key area of focus in the U.K. On October 14, 2025, the FCA published a consultation paper proposing new rules and plans to support and accelerate tokenization and efficiency in the U.K. fund market. The consultation paper also proposed changes to the FCA rules to allow U.K. authorized funds to switch to direct dealing models (even if not using tokenization). Final rules and guidance are expected in the first half of 2026.

**U.K. Reform of AIFMD regime.** HMT and the FCA published a consultation paper and call for input respectively on April 7, 2025, on the reform of the U.K. alternative investment funds regime which is derived from the EU AIFMD. Key proposals include the removal of the distinction between the existing registration regime for sub-threshold Alternative Investment Fund Manager (AIFM) and the authorization regime for full-scope AIFMs so that all AIFMs will be subject to a single authorization regime. Consequently, on the removal of the sub-threshold AIFM concept, it is proposed that the requirements for AIFMs would be based on a proportionate application depending on the size of the AIFM, with larger firms subject to more onerous requirements. For these purposes, AIFMs will be categorized into three tiers based on the size of their AUM. The proposed tiers are: (1) large – AUM of £5bn or more; (2) mid-sized – AUM of £100m to £5bn; and (3) small – AUM of £100m or less. The deadline for responses to the publications closed on June 9, 2025. The FCA intends to consult on detailed rules in the first half of 2026.

**U.K. transaction reporting regime.** In the U.K., the FCA intends to reform the transaction reporting framework as part of its post-Brexit review of the U.K. regulatory environment. On November 21, 2025, the FCA published a consultation paper setting out its proposals. The FCA states that its aim is to: (1) simplify and improve the regime by removing reporting obligations for six million financial instruments which are only tradeable on EU trading venues; (2) exclude foreign exchange derivatives from the scope of reporting requirements; and (3) streamline transaction reporting data fields. The FCA states that it intends to retain the exemption from the transaction reporting requirements for Collective Portfolio Management Investment firms. The consultation closes on February 20, 2026.

**U.K. and EU T+1 Settlement.** Following the migration to a T+1 settlement cycle in the U.S. effective May 28, 2024, the EU and U.K. are similarly taking steps to migrate from a T+2 to a T+1 settlement cycle. This is scheduled to occur in late 2027, but is subject to change. In relation to the EU, on June 18, 2025, the European Parliament and the Council of the EU reached political agreement on the necessary amendments to the Central Securities Depositories Regulation (CSDR) to shorten the settlement cycle from T+2 to T+1. On September 17, 2025, the Council of the EU published the draft amendment legislation. The next step is for the Council to formally adopt the legislation which will subsequently be published in the Official Journal of the EU and apply effective October 11, 2027. In the U.K., on February 6, 2025, the Accelerated Settlement Technical Group (ASTG) published the U.K. implementation plan for the first day of trading for T+1 settlement, which it recommends should be October 11, 2027 – this date is in alignment with the EU approach. The ASTG also recommends that the U.K. and other EU jurisdictions should collaborate closely to determine if a coordinated shift to T+1 is possible. On February 19, 2025, the U.K. Government confirmed that it intends to legislate to make T+1 the standard settlement cycle in the U.K. from October 11, 2027. On November 20, 2025, HMT published a policy note and draft version of the amended CSDR. The CSDR changes will reflect and assist with the transition to a T+1 settlement cycle. The deadline for submitting technical feedback on the revised CSDR is February 27, 2026. Pending any comments received on the draft, HMT intends to publish the final revised CSDR in advance of October 11, 2027.

**EU Financial Transaction Tax.** Based on the European Commission's 2026 Work Programme published in October 2025, the long-standing proposal for an EU-wide financial transaction tax (FTT), originally introduced in 2013, is being withdrawn. The Commission is withdrawing the FTT proposal due to a lack of progress, potential administrative burdens, and lack of alignment with current EU priorities.

#### Current Regulatory Environment – Potential Impacts

Applicable regulatory requirements, regulatory developments and regulatory supervision impact the domestic and international investment management industry generally by imposing substantial legal and compliance burdens, and significant restrictions and requirements, on its participants, and their offerings, and, therefore, will continue to impact, to various degrees, Federated Hermes' Financial Condition.

The imposition of a FTT with broad application in the U.S., U.K., or EU, or the designation of Federated Hermes or any of its offerings, such as certain money market funds, as a SIFI, also can affect, potentially in a material way, Federated Hermes' Financial Condition.

Federated Hermes has monitored, reviewed, and assessed, or will continue to monitor, review, and assess, regulatory developments and regulatory requirements, as applicable, and their impact on its business and offerings. Federated Hermes actively participates, either individually or with industry-trade groups (such as the ICI), in the public comment process

regarding regulatory developments that can significantly impact Federated Hermes' business and offerings. Regulatory developments and regulatory requirements also are subject to legal challenge in court, and Federated Hermes' considers initiating, participating in or supporting such legal challenges when management deems it necessary or appropriate. Federated Hermes also continues to monitor and assess the impact of the interest rate environment (whether increasing or decreasing), and any instability in the banking sector and financial markets, on asset values and money market fund and other fund asset flows, and related asset mixes, as well as the degree to which these factors impact Federated Hermes' institutional prime and municipal (or tax-exempt) money market business and Federated Hermes' Financial Condition.

The difficulty in, and cost of, analyzing and complying with applicable regulatory developments and regulatory requirements increases with the number, complexity, and differing (and potentially conflicting) requirements of new or amended regulatory requirements, among other factors. In addition to the impact on Federated Hermes' AUM, revenues, operating income and other aspects of Federated Hermes' business, Federated Hermes' regulatory, product development and restructuring, and other efforts in response to regulatory developments and regulatory requirements, including the internal and external resources dedicated to such efforts, have had, and can continue to have, on a cumulative basis, a material impact on Federated Hermes' expenses and, in turn, Financial Condition.

Federated Hermes is unable to fully assess at this time whether, or the degree to which, any continuing efforts or potential options being evaluated in connection with modified or new regulatory developments and regulatory requirements ultimately will be successful. The degree of impact of regulatory developments and regulatory requirements on Federated Hermes' Financial Condition can vary, including in a material way, and is uncertain.

See Item 1A – Risk Factors – General Risk Factors – Regulatory and Legal Risks – Potential Adverse Effects of Changes in Laws, Regulations and Other Regulatory Requirements for additional information.

As of December 31, 2025, given the regulatory environment, and the possibility of future additional regulatory developments and regulatory requirements, and regulatory oversight, Federated Hermes is unable to fully assess the impact of regulatory developments and regulatory requirements, and Federated Hermes' efforts related thereto, on its Financial Condition. Regulatory developments and regulatory requirements in the current regulatory environment, and Federated Hermes' efforts in responding to them, could have further material and adverse effects on Federated Hermes' Financial Condition.

### **Human Capital Resource Management**

At December 31, 2025, Federated Hermes had 2,091 employees, with 1,234 employees in Pittsburgh, Pennsylvania, and surrounding areas, 504 employees in London, England, 60 employees in New York, New York, 30 employees in Boston, Massachusetts, 181 employees in other U.S. locations and 82 employees in other locations outside the U.S.

The investment management business is highly competitive and experienced professionals have significant career mobility. Like other companies, Federated Hermes experiences employee turnover, which is tracked at various levels within the company, and conducts exit interviews with departing employees. The information derived from these interviews, as well as our employee development initiatives described below and succession planning, allows Federated Hermes to cultivate leaders, manage turnover and retain talented and qualified individuals. Federated Hermes' ability to attract, retain and properly motivate highly qualified professionals across the company is a critical factor in maintaining its competitive position within the investment management industry and positioning Federated Hermes for future success. See Item 1A – Risk Factors – General Risk Factors – Other General Risks – Recruiting and Retaining Key Personnel (Human Capital Resource Management Risk) for more information on the risks to Federated Hermes if it is unable to attract and retain talented and qualified employees.

### **Competitive Compensation**

Understanding that Federated Hermes' business success depends on its ability to attract, retain, and incentivize talented and qualified individuals, Federated Hermes' compensation programs across the company strive to meet this goal. Federated Hermes endeavors to reward individual contributions, as demonstrated by the delivery of long-term continuing results. Federated Hermes' compensation programs are also designed to align the interests of its officers and employees with its business strategy, values, and objectives, including the interests of its customers and shareholders, while affording the business the opportunity to grow.

Generally, for employees working in the U.S., Federated Hermes' compensation programs are comprised of competitive levels of cash compensation together with equity, a profit sharing/401(k) plan, and other corporate benefits/components for certain positions. Compensation is structured in the form of: salary, which is competitively evaluated annually; bonus; and, where appropriate, long-term incentives.

Generally, for employees working in the U.K., and other non-U.S. locations, compensation is based on fixed and variable compensation. Fixed compensation can include base salary, a retirement plan together with equity and other corporate benefits/components for certain positions, and is designed to provide competitive fixed compensation at a level that reflects market compensation. Variable compensation is discretionary based on, among other factors, an employee's performance, and behavior, as well as team and overall company performance.

Across Federated Hermes, the mix of overall salary, bonus, long-term incentives and other corporate benefits/components for certain positions varies by division, position, and employee.

Across Federated Hermes, national and industry-specific compensation surveys are utilized to monitor competitive pay levels. Compensation across the company is generally administered in four employee categories: Sales; Investment Management; Administration; and Executive. The employee's category, position and performance generally drive the mix of fixed versus variable compensation, bonus structure/opportunity and long-term incentive structure/opportunity. Across the company (unless otherwise noted below):

- The pay mix for Sales employees is more heavily weighted in variable compensation based on quantitative and qualitative sales metrics. Depending upon the position, U.S. Sales employees are also eligible to receive cash-based long-term incentive awards annually which generally vest after three years, and, for certain levels of Sales employees, annual bonus restricted stock awards and periodic restricted stock awards.
- The pay mix for Investment Management employees includes variable compensation in the form of discretionary bonuses and takes into account, among other factors deemed relevant, investment offering performance from one-, three- and five-year periods. For employees working in the U.S., all or a portion of any annual performance bonus can be paid in cash or a combination of cash and annual bonus restricted stock. Beginning in 2026 (for any annual performance bonuses payable in 2027), employees working outside the U.S. will be able to receive all or a portion of any annual performance bonus in cash or a combination of cash and annual bonus restricted stock or restricted cash awards depending upon the jurisdiction in which they reside. Investment Management employees are also eligible for periodic restricted stock awards.
- Administrative employees have a pay mix more heavily weighted in fixed pay and are eligible for annual discretionary cash bonuses. Management employees are eligible for periodic restricted stock awards and U.S. senior management employees are also eligible for annual bonus restricted stock awards.
- The components of Federated Hermes' executive compensation programs are designed to be competitive within the investment management industry and reward outcomes related to a variety of factors including Federated Hermes' financial, investment, sales and customer service performance as measured against other similar companies within the investment management industry. Financial factors include, for example, Federated Hermes' operating profits (as defined in Federated Hermes Annual Incentive Plan), AUM, gross offering sales, net offering sales, total revenue (including net revenues after taking into account the net pre-tax impact of any waivers to maintain the yields of certain money market funds at or above zero (Voluntary Yield-related Fee Waivers)), net income and net income per diluted share. Please refer to the Compensation Discussion and Analysis section of Federated Hermes' Information Statement for additional information regarding executive compensation.

Federated Hermes' Stock Incentive Plan is designed to support its retention and attraction objectives. Under this program, executive officers and certain employees are eligible to receive periodic restricted stock awards that vest over specified vesting periods (e.g., for U.S. employees, over a ten-year period, and for non-U.S. employees, over a five-year period). The restrictions on the vested portion of an award typically lapse on specified anniversary dates of an award (e.g., for U.S. employees, the award's fifth- and tenth-year anniversaries, and for non-U.S. employees, generally, for awards prior to November 2025, the award's sixth, seventh and eighth anniversaries which extend beyond the five-year vesting period in an effort to continue to align the employees' and Federated Hermes' interests during the restriction period and for awards effective November 2025 or later, the award's fifth anniversary). Additionally, for certain groups of employees, a portion of their bonus awards are paid in the form of bonus restricted stock with a three-year ratable vesting schedule with restrictions lapsing on each vesting date.

For all employees working in the U.K., and other non-U.S. locations, discretionary bonus awards above a certain threshold are subject to deferral. Under the deferred bonus scheme, a portion of the bonus is deferred, notionally tracks the performance of certain Federated Hermes Funds, and vests over three years. Effective January 1, 2026 (for any discretionary bonuses paid in 2027), Federated Hermes' compensation deferral practices have been harmonized globally, with Federated Hermes' current bonus restricted stock program for U.S. employees being extended to, and replacing the current deferred bonus scheme applicable to, all non-U.S. employees. As a result, for eligible non-U.S. employees (similar to eligible U.S. employees), all or a portion if any annual performance bonus can be paid in cash or a combination of cash and annual bonus restricted stock or

restricted cash awards depending upon the jurisdiction in which they reside, and the deferred compensation scheme described above applicable to non-U.S. employees will no longer apply to bonuses payable in 2027 or later and will lapse after three years (or in 2029). The Private Equity and Infrastructure businesses of Federated Hermes also operate carried interest and share of performance fee programs typical in the management of such asset classes.

When Federated Hermes acquires a company or business, the employees of such company can be subject to legacy compensation programs and arrangements until the company or business is fully integrated with Federated Hermes.

For 2025, Federated Hermes' total Compensation and Related expense was \$577.7 million and included, among other items, salary, bonus and share-based compensation expense.

### Benefits

Federated Hermes' benefit offerings across the company are designed to reflect the local market and equip Federated Hermes' employees with resources and services to help them stay healthy, balance the demands of work and personal life, develop their careers, and meet their financial goals, as well as to further employee engagement and retention. Along with the traditional health and welfare benefits, such as medical and dental coverage, an employee assistance program, wellness program focusing on employee mindfulness, health and well-being, disability, paid time off and retirement programs, the company also offers flexible work arrangements which include hybrid work schedules, education assistance, paid parental leave, adoption benefits, volunteer paid time off, employee discounts and other programs and services.

### Employee Development

Federated Hermes provides a professional work environment for employees across the company that supports employees' career aspirations and professional development interests through training programs and mentoring initiatives. Our development framework consists of both on the job development opportunities as well as a robust offering of both classroom and online learning courses facilitated by a network of internal and external experts. Federated Hermes' extensive training curriculums focus on technical, professional, leadership and management skills, and include, among others, courses on: the securities markets and Federated Hermes' offerings; compliance/regulatory requirements; license exam preparation; sales skills; customer service skills; financial, physical and mental health well-being; remote working and hybrid management; dignity and respect in the workplace; individual and team performance; communication skills; technical (systems) topics; and general professional development. The attraction, development, and retention of qualified employees across the company supports Federated Hermes' succession planning at all levels.

### Inclusion

As of December 31, 2025, 39% of Federated Hermes' employees are women. Female representation on Federated Hermes' board of directors is 33%, and 10% of Federated Hermes' executive officers are women. In the U.S., 8% of Federated Hermes' employees are minorities, 34% of business managers are women and/or minorities and 29% of investment professionals are women and/or minorities.

One of Federated Hermes' core tenets is that employees treat one another with dignity and respect. The company recognizes that a diverse, inclusive, and respectful workplace enhances the employee experience, encourages creativity, supports innovation and individual potential, and strengthens its ability to deliver better long-term risk-adjusted returns for clients and customers, as well as strong long-term business performance. Dignity acknowledges diversity. Diversity encompasses opportunity, acceptance, dignity, and respect. Inclusion is the extent to which each employee is welcomed, accepted, respected, supported, and valued as a team member. In line with this mission, Federated Hermes is committed to fostering a workplace where opportunity is supported and where employees' unique and individual backgrounds, qualifications, expertise, skills, abilities, capabilities, perspectives, and experiences are recognized and appreciated on their merits for both their potential and actual contributions to the company.

The company actively demonstrates its long-term commitment to offering opportunities based on merit and fostering an inclusive environment. It cultivates the benefits of opportunity and workforce inclusion through its recruitment process, onboarding of new employees, and ongoing employee education and development. It strives to ensure that employees are recruited, engaged, rewarded, recognized, and trained based on their qualifications, skills, abilities, and aptitudes. Federated Hermes implements a long-term, activities-based approach to diversity and inclusion efforts. This approach is centered around four key pillars: driving opportunity and diversity; creating inclusion; outreach; and continuing the ongoing development of the company's efforts.

The board of directors, executive management, and senior leadership all actively support and endorse the company's efforts to create a workplace grounded in dignity and respect. The Compensation Committee of Federated Hermes' board of directors receives periodic updates and reports from management on these efforts and compensation practices. Management may also receive periodic updates. These efforts are advanced in collaboration with management and employees at all levels by various teams and resource groups across the company, including the Human Resources Department.

The company provides opportunities to qualified individuals without regard to race, color, national origin, religion, sex, pregnancy, sexual orientation, gender identity or expression, mental or physical disability, age, familial or marital status, ancestry, military status, veteran status, genetic information, or any other prohibited criteria, protected characteristic, or class under laws applicable to Federated Hermes.

Employees are encouraged to raise any human resources-related questions or concerns and to report any instances of discrimination, bullying, harassment, or other inappropriate conduct they experience or witness to their manager or the Human Resources Department. Separately, the company also provides a confidential phone line and website portal, operated by a third-party service provider, through which employees can report various compliance matters, if they choose.

### Information about our Executive Officers

The following section sets forth certain information regarding the executive officers of Federated Hermes as of February 27, 2026:

<b>Name</b>	<b>Position</b>	<b>Age</b>
J. Christopher Donahue	President, Chief Executive Officer, Chairman and Director of Federated Hermes, Inc.	76
Thomas R. Donahue	Vice President, Treasurer, Chief Financial Officer and Director of Federated Hermes, Inc. and President of FII Holdings, Inc.	67
Dolores D. Dudiak	Vice President, Director of Human Resources of Federated Hermes, Inc.	67
John B. Fisher	Vice President and Director of Federated Hermes, Inc. and President and Chief Executive Officer of Federated Advisory Companies*	69
Peter J. Germain	Executive Vice President, Chief Legal Officer and Secretary of Federated Hermes, Inc.	66
Richard A. Novak	Vice President, Assistant Treasurer and Principal Accounting Officer of Federated Hermes, Inc.	62
Saker A. Nusseibeh	Chief Executive Officer, Federated Hermes Limited	64
Paul A. Uhlman	Vice President of Federated Hermes, Inc. and President of Federated Securities Corp.	59
Stephen P. Van Meter	Vice President and Chief Compliance Officer of Federated Hermes, Inc.	50
Theodore W. Zierden III	Vice President of Federated Hermes, Inc.	65

\* Federated Advisory Companies include the following: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company and Federated MDTA LLC, each wholly owned by Federated Hermes.

Mr. J. Christopher Donahue has served as director, President and Chief Executive Officer (CEO) of Federated Hermes since 1998 and was elected as Chairman effective April 2016. He also serves as a director, trustee or officer of various Federated Hermes subsidiaries. He is President of 28 investment companies managed by subsidiaries of Federated Hermes. He is also director or trustee of 31 investment companies managed by subsidiaries of Federated Hermes. Mr. Donahue is the brother of Thomas R. Donahue who serves as Vice President, Treasurer, Chief Financial Officer and director of Federated Hermes.

Mr. Thomas R. Donahue has served as Vice President, Treasurer and Chief Financial Officer of Federated Hermes since 1998. He previously served as a member of Federated Hermes' board of directors from May 1998 to April 2004 and was re-elected to Federated Hermes' board of directors in April 2016. He also serves as an Assistant Secretary of Federated Hermes and is a director and President of FII Holdings, Inc., a wholly-owned subsidiary of Federated Hermes. He serves as a director of Federated Hermes Limited (FHL). He also serves as a director, trustee or officer of various other Federated Hermes subsidiaries. He is also a director or trustee of seven investment companies managed by subsidiaries of Federated Hermes.

Mr. Donahue is the brother of J. Christopher Donahue who serves as President, CEO, Chairman and director of Federated Hermes.

Ms. Dolores D. Dudiak has served as Vice President of Federated Hermes since February 2021. She has served as Director, Human Resources since November 1997. She also has served as an officer of various Federated Hermes subsidiaries since 1994. In these capacities, she is responsible for the Human Resources Department at Federated Hermes, including Total Rewards, Human Resources Business Partners and Resourcing, Talent Development and Human Resources Information Management.

Mr. John B. Fisher has served as Vice President of Federated Hermes since 1998. He previously served as a member of Federated Hermes' board of directors from May 1998 to April 2004 and was re-elected to Federated Hermes' board of directors in April 2016. He has also been President and CEO of Federated Advisory Companies since 2006 and serves as a board member for each of these wholly-owned subsidiaries of Federated Hermes. He also serves as a director, trustee or officer of certain other Federated Hermes subsidiaries. He is President of three investment companies managed by subsidiaries of Federated Hermes. He is also director or trustee of 24 investment companies managed by subsidiaries of Federated Hermes. Prior to 2006, Mr. Fisher served as President of the Institutional Sales Division of Federated Securities Corp., a wholly-owned subsidiary of Federated Hermes.

Mr. Peter J. Germain has served as Executive Vice President, Chief Legal Officer and Secretary of Federated Hermes since October 2017, as General Counsel from January 2005 through June 2021 and Vice President of Federated Hermes since January 2005. In his capacity as Chief Legal Officer, he oversees the delivery of legal, compliance, internal audit and risk management services to Federated Hermes and its affiliates. He also serves as a director, trustee or officer of various Federated Hermes subsidiaries. Mr. Germain also serves as Chief Legal Officer, Executive Vice President and Secretary of 31 investment companies managed by subsidiaries of Federated Hermes.

Mr. Richard A. Novak has served as Vice President, Assistant Treasurer and Principal Accounting Officer of Federated Hermes since April 2013. Prior to that time, he served as Fund Treasurer of Federated Hermes' U.S.-based mutual funds beginning in 2006 and served as the Controller of Federated Hermes from 1997 through 2005. He also serves as director or officer for various subsidiaries of Federated Hermes. Mr. Novak is a Certified Public Accountant.

Mr. Saker A. Nusseibeh is a director and CEO of FHL. He joined FHL in 2009 and was appointed CEO in May 2012, after serving as acting CEO beginning in November 2011 and having previously served as Chief Investment Officer from 2009 through November 2011. He formerly served as Global Head of Equities at Fortis Investments USA, having initially been appointed as Head of Global Equities in 2005. He also serves as a Chairman of Private Markets and as a director or officer of certain FHL subsidiaries.

Mr. Paul A. Uhlman has served as Vice President of Federated Hermes, and President and a director of Federated Securities Corp., a wholly-owned subsidiary of Federated Hermes, since June 2016. He is also a director, trustee or officer of certain subsidiaries of Federated Hermes. As President of Federated Securities Corp., he is responsible for the marketing and sales efforts of Federated Hermes. He had previously served as a Vice President of Federated Securities Corp. from 1995 through 2010, and served as Executive Vice President of Federated Securities Corp. from 2010 through June 2016. Mr. Uhlman also held the position of National Sales Director, Institutional Sales, from 2007 through June 2016.

Mr. Stephen P. Van Meter has served as Vice President and Chief Compliance Officer of Federated Hermes since July 2015. Between October 2011 and July 2015, he served as Compliance Operating Officer at Federated Hermes. Between October 2007 and October 2011, he served as Senior Counsel in the Division of Investment Management, Office of Chief Counsel, at the SEC. Between September 2003 and October 2007, Mr. Van Meter served as Senior Counsel in the SEC's Division of Enforcement.

Mr. Theodore W. Zierden III has served as Vice President of Federated Hermes since July 2024. He has also served as the President-Administration of Federated Services Company since 2012. In such capacity, he manages the Global Technology Organization, Enterprise Delivery, Data Governance, Investor Services and Financial Planning and Analysis, which includes responsibility for company-wide mergers and acquisitions. Mr. Zierden is also Executive Managing Director of the Federated Hermes Private Markets business.

As Federated Hermes announced on December 2, 2025, effective April 30, 2026, Mr. John B. Fisher will step back from full-time responsibilities and no longer serve as an executive officer of Federated Hermes. Mr. Fisher is expected to remain actively involved in several major strategic initiatives as Chairman of the Federated Advisory Companies. Mr. Paul A. Uhlman will replace Mr. Fisher as President and CEO of the Federated Advisory Companies. Mr. Uhlman, who has been with Federated

Hermes for 35 years, will remain a Vice President and executive officer of Federated Hermes. Mr. Bryan M. Burke (age 53), Federated Hermes' National Sales Director, Strategic Solutions, and Executive Vice President, Federated Securities Corp., will replace Mr. Uhlman as President, Federated Securities Corp., and become a Vice President and executive officer of Federated Hermes. He has been with Federated Hermes for 23 years. These leadership changes will be effective after a transition period on April 30, 2026.

Mr. Fisher will remain on Federated Hermes' Board of Directors during the transition period but is not standing for re-election to the Board at the next Annual Meeting of Shareholders of Federated Hermes, which will be held on April 30, 2026. Mr. Uhlman has been nominated for election to the Board at the next Annual Meeting of Shareholders.

### **Available Information**

Federated Hermes makes available, free of charge, on its website, [www.FederatedHermes.com](http://www.FederatedHermes.com), its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, annual information statements and amendments to those reports, including those filed or furnished pursuant to Section 13(a) or 15(d) of the 1934 Act, as soon as reasonably practicable after such information is electronically filed with or furnished to the SEC.

### **Other Information**

All references to the Notes to the Consolidated Financial Statements in this Form 10-K refer to those in Item 8 – Financial Statements and Supplementary Data (Consolidated Financial Statements). All other information required by this Item is contained in Note (5) to the Consolidated Financial Statements.

All cross-references between Items in this 10-K are considered to be incorporated into the Item containing the cross-reference.

## **ITEM 1A – RISK FACTORS**

Risk is inherent to Federated Hermes' investment management business and offerings. Global financial, securities, capital, commodities, currency, real estate, energy, credit and other markets (collectively, as applicable, markets) are inherently uncertain and subject participants to a variety of risks. If any of the following risks arise, Federated Hermes' Financial Condition can be materially adversely affected. The risks described below are not exhaustive, and additional risks including those not presently known or considered immaterial can also adversely affect its Financial Condition.

### **Specific Risk Factors**

#### *Risks Related to Federated Hermes' Investment Management Business and Offerings*

**Potential Adverse Effects of a Material Concentration in Revenue.** At any time, a significant portion of Federated Hermes' total AUM or revenue can be concentrated in one or more investment offerings, asset classes, or customers. See Note (5) to the Consolidated Financial Statements for information on material concentrations in Federated Hermes' revenue. A significant and prolonged decline in the AUM of materially concentrated offering, strategy, or asset class can materially adversely affect Federated Hermes' future revenues and, to a lesser extent, net income, due to a related reduction in distribution expenses associated with these offerings, strategies and assets. Similarly, significant adverse changes in relationships with customers or shareholders representing material concentrations can materially adversely affect future revenues and, to a lesser extent, net income due to a related reduction in distribution expenses associated with this customer or shareholder. A significant change in Federated Hermes' business and offerings, or a significant reduction in AUM due to regulatory developments and new or amended regulatory requirements, market changes, such as significant and rapid increases or decreases in interest rates over a short period of time causing certain investors to prefer direct investments in interest-bearing securities, non-competitive performance, declines in asset values, the availability, supply and/or market interest in repurchase agreements and other investments, significant deterioration in investor confidence, continuing declining or prolonged periods of low short-term interest rates or negative interest rates or negative yields and resulting fee waivers, investor preferences for deposit products or other Federal Deposit Insurance Corporation (FDIC)-insured products, or certain exchange-traded offerings, index funds or other passive investment offerings, changes in offering fee structures, changes in relationships with customers, or other circumstances, or factors that change Federated Hermes' business and offerings, reduce AUM or alter asset mix, can materially adversely affect Federated Hermes' Financial Condition.

**Potential Adverse Effect of Providing Financial Support to Investment Offerings.** Federated Hermes can, from time to time, elect to provide financial support to its sponsored investment offerings. Such support requires the use of capital otherwise available for corporate purposes or to meet applicable capital or liquidity requirements. Any losses from such support, or an inability to have or timely deploy sufficient capital, can materially adversely affect Federated Hermes' Financial Condition.

**Risk of Federated Hermes' Money Market Offerings' Ability to Maintain a Stable Net Asset Value.** Approximately 53% of Federated Hermes' total 2025 revenue was attributable to money market assets. Money market fund investments are neither insured nor guaranteed by the FDIC or any other government agency. Federated Hermes' retail, government/public debt, private and collective money market funds seek to maintain a stable or constant NAV, and its non-U.S. low-volatility NAV money market funds seek to maintain a constant NAV, but will move to a four-digit NAV if such fund's NAV falls outside of a 20-basis point collar. While stable or constant NAV money market funds seek to maintain a NAV of \$1.00 per share, it is also possible to lose money by investing in these funds. Federated Hermes also offers institutional prime or municipal (or tax-exempt) money market funds which transact at a fluctuating NAV that use four-decimal-places (\$1.0000), and a short-term variable NAV non-U.S. money market fund. It is also possible to lose money by investing in these funds. Federated Hermes devotes substantial resources to credit analysis, integration of proprietary insights from fundamental investment analysis (including governance, environmental or social factors and engagement interactions for many of its investment offerings) and security valuation, managing its offerings. However, the NAV of an institutional prime or municipal (or tax-exempt) money market fund, or variable NAV fund or, if the above described conditions are met, a low-volatility NAV money market fund, can fluctuate, and there is no guarantee that a retail, government/public debt, private and collective (i.e., stable or constant NAV) money market fund will be able to preserve a stable or constant NAV in the future. Market conditions, liquidity constraints, prolonged periods of low interest rates or regulatory developments and requirements that limit supply of money market securities, create illiquidity, or shift asset levels and mix can adversely affect money market fund NAVs, asset levels and performance. If the NAV of a Federated Hermes stable or constant NAV money market fund were to decline to less than \$1.00 per share, or if the fluctuating NAV of an institutional prime or municipal (or tax-exempt) money market fund, or variable NAV money market fund or low-volatility NAV money market fund consistently or significantly declines to less than \$1.0000 per share, such Federated Hermes money market fund would likely experience significant redemptions, resulting in reductions in AUM, loss of shareholder confidence and reputational harm, all of which can cause material adverse effects on Federated Hermes' Financial Condition. Under U.S. money market fund reforms, significant daily redemptions from institutional prime or municipal (tax-exempt) money market funds also can trigger discretionary or mandatory redemption fees, potentially leading to further AUM reductions, loss of confidence, and material adverse effects on Federated Hermes' Financial Condition.

**Potential Adverse Effects of Increased Competition in the Investment Management Business.** The investment management business is highly competitive. Federated Hermes competes with other investment advisors, fund managers, broker-dealers, banks, insurance companies and other institutions in the management and distribution of investment offerings, stewardship services, real estate development and renewal energy project services, many of which have substantially greater resources and brand recognition. Certain intermediaries also distribute proprietary or competitor offerings that can be prioritized over Federated Hermes' offerings. Federated Hermes' offerings also can compete against each other as new similar or "clone" offerings (such as exchange-traded funds with similar strategies as mutual fund offerings), or new exchange-traded share classes are added to mutual funds, which can result in redemptions from traditional mutual funds or share classes.

Competition is based on various factors, including, among others, business reputation, investment performance, quality of service, engagement, carbon neutrality and other governance, environmental or social-related commitments and initiatives, the strength and continuity of management and selling relationships, distribution services offered, technological innovation (e.g., the use of financial technology, tokenization, block chain, artificial intelligence, natural language processing, digital client engagement tools and data science), the ability to generate, validate and publish accurate reports in a timely manner, the ability to offer customers and shareholders 24/7 access to their funds, the type (e.g., passively- versus actively-managed, fund versus FDIC-insured deposits, governance, environmental or social factor integrated versus non-governance, environmental or social factor integrated) and range of offerings made available, fees charged, customer or shareholder preferences, political or other views surrounding governance, environmental or social-related offerings or governance, environmental or social factor integration, transformation, and investing, and geopolitical developments. As with any highly competitive market, competitive pricing structures are important. If competitors charge lower fees for similar offerings, Federated Hermes has reduced, or can further reduce, the fees on its own offerings (either directly on a gross basis or on a net basis through fee waivers) for competitive purposes to retain or attract customers and shareholders. Increased competition also can require changes in Federated Hermes' business strategy or model, offerings, operational strategies, governance, environmental or social strategies and human resource management strategies to respond to competition from existing and new market innovations and competitors, which can increase expenses, create risks that such changes will not be successfully implemented, and cause Federated Hermes to not achieve its long-term strategic objectives. Such fee reductions, business strategy changes, or other effects of competition, or failures to adequately adjust to meet competition, can have a material adverse effect on Federated Hermes' Financial Condition.

Many of Federated Hermes' offerings are designed for banks, insurance companies and other institutional investors, which hold a large portion of its assets, particularly in money market, fixed-income and alternative/private market strategies. Changes in

the structure or attractiveness of institutional investment offerings, due to regulatory developments, market conditions, competing offerings (such as FDIC-insured deposit products or non-transparent, actively managed ETFs) or other factors, can limit Federated Hermes' ability to retain or grow market share and materially adversely affect profitability and Federated Hermes' Financial Condition. Certain offerings can also be impact-oriented or other governance, environmental or social offerings and unsuitable for certain fiduciary customers in the U.S. without consent, or disfavored for political or other reasons, which can constrain asset growth and adversely affect, potentially in a material way, future profitability and Federated Hermes' Financial Condition.

A significant portion of Federated Hermes' revenue is derived from the financial intermediary market, comprising over 11,000 institutions and intermediary customers worldwide. Federated Hermes' future profitability depends on retaining and growing market share and can be adversely affected by banking and securities industry consolidation and regulatory developments impacting customers and shareholders.

There can be no assurance that Federated Hermes' growth is sustainable or that it can maintain its current size and scale, and competitive, market and other factors can result in reduced growth or contraction, adversely affecting, potentially in a material way, Federated Hermes' Financial Condition.

**Risks Related to the Development of New Offerings.** Federated Hermes' financial performance depends, in part, on its ability to successfully develop, market and manage new investment and related offerings. Developing and introducing new offerings requires sustained innovation and significant time, resources and ongoing support and investment. The introduction of new offerings involves substantial risks and uncertainties, including implementation of controls, operational readiness, changing customer, shareholder and market preferences, competitive pressures and regulatory compliance. New offerings often require three or more years in the marketplace to establish track records sufficient to attract significant AUM. Customers, shareholders and intermediaries increasingly seek tailored investment outcomes and value-added services beyond traditional offerings. Failure to innovate, successfully launch new offerings or manage related risks can reduce market share and AUM, harm business reputation and shareholder confidence, and materially adversely affect Federated Hermes' Financial Condition.

**Potential Adverse Effects of Changes in Federated Hermes' Distribution Channels.** Federated Hermes distributes its investment offerings as a wholesaler through financial intermediaries, including banks, broker-dealers, registered investment advisors and other financial planners, and also sells investment offerings, stewardship services, real estate development services, and renewable energy project development services, including the origination and monetization of development-stage renewable projects, directly to corporations, institutions, government agencies and other customers. Revenues from certain development services can be linked to project activity and milestone-based payments, which can be difficult to forecast and can increase period-to-period revenue volatility. There can be no assurance that diversification efforts (whether to Federated Hermes' offerings or geographically), governance, environmental or social positioning, or investments in technology, data and analytics to support distribution efforts will be successful. There can also be no assurance that Federated Hermes will maintain access to current customers or distribution channels, or that market conditions will support the sale or financing of development-stage projects on acceptable terms, that customers will not narrow or reduce the offerings they distribute, that such relationships will continue over time or on existing terms, or that sales and distribution efforts will be successful. The impact of Voluntary Yield-related Fee Waivers (if any), other waivers for competitive purposes and related reductions in distribution expense can vary depending upon, among other variables, changes in distribution models, changes in such customers' distribution fee arrangements, changes in customer or shareholder relationships and changes in the extent to which the impact of the waivers is shared by one or more customers. Distribution costs as a percentage of total fund revenue increased to 29% in 2025 compared to 28% in 2024.

**Potential Adverse Effects of Declines in the Amount of or Changes in the Mix of Assets under Management.** A significant portion of Federated Hermes' revenue is derived from investment advisory fees, which are typically based on the value of managed assets and vary with the type of asset being managed, with higher fees generally earned on multi-asset and equity investment offerings than on alternative/private markets, fixed income and money market offerings. Federated Hermes can also earn performance fees or carried interest on certain offerings and types of assets. Mutual fund and other fund offerings generally generate higher advisory fees than Separate Accounts, and components of distribution expense can vary by asset class, distribution channel and/or customer or shareholder relationship. Accordingly, changes in customer or shareholder activity, security or other asset values, the level of subscriptions or redemptions, overall asset mix among offerings, and average asset mix across offerings or asset types can materially affect AUM and Federated Hermes' revenue, profitability and growth. Federated Hermes generally pays out a larger portion of the revenue earned from managed assets in money market, multi-asset, and fixed-income funds than the revenue earned from managed assets in equity and alternative/private markets funds. A significant portion of Federated Hermes' managed assets is held in offerings that permit redemptions or withdrawals at any time. Capacity constraints, where the size of AUM in a particular offering or asset class make it more difficult to efficiently

trade, can require certain offerings or asset classes to be partially or fully closed to new investments, potentially resulting in redemptions or asset reallocation. Changing market conditions, regulatory developments and regulatory requirements, among other factors, can cause a shift in Federated Hermes' asset mix among offerings or asset classes, such as towards money market and fixed-income offerings, between money market offerings or from money market offerings to other offerings. Each of these factors can cause a decline in or otherwise affect, potentially in a material way, Federated Hermes' Financial Condition.

**Impairment Risk.** At December 31, 2025, Federated Hermes had approximately \$1.2 billion of intangible assets including goodwill, the vast majority of which represent assets capitalized in connection with acquisitions and business combinations. Federated Hermes might not realize the value of these assets. Management performs a review of the carrying values of goodwill and indefinite-lived intangible assets annually or when indicators of potential impairment exist and periodically reviews carrying values of other assets to determine whether events and circumstances indicate an impairment in value has occurred. Asset values can be impaired by various factors including, among others, reduced projected revenues, lower managed assets, increased expenses, higher discount rates or changes in interest rates. Any identified impairment would cause a write-down of the carrying value of the asset, resulting in a noncash charge which would adversely affect Federated Hermes' results of operations and Financial Condition for the period.

**Potential Adverse Effects of Termination or Failure to Renew Advisory Agreements.** A substantial majority of Federated Hermes' revenue is derived from investment advisory agreements with Federated Hermes Funds (and to a lesser extent, sub-advised mutual funds) registered under the 1940 Act that are terminable upon 60 days' notice. These agreements must be approved and renewed annually by each mutual fund's board, including independent directors or trustees, or by shareholders, as required by law. Failure to renew, termination of, or fee reductions under a significant number of these agreements can materially adversely affect Federated Hermes' Financial Condition. Under the 1940 Act, each mutual fund investment advisory agreement automatically terminates upon assignment, although a new agreement can be approved by the mutual fund's board and, if required by law, its shareholders. A sale or other transfer of a sufficient number of shares of Federated Hermes' voting securities to transfer control of Federated Hermes can be deemed an assignment in certain circumstances. An assignment, actual or constructive, will trigger these termination provisions and can adversely affect Federated Hermes' ability to realize the value of these agreements.

Investment advisory agreements for Separate Accounts not subject to the 1940 Act are generally terminable on notice (or, in certain cases, after a 30-day, 60-day or other notice period) and, as required by the Advisers Act, require customer consent for assignment. Failure to obtain required customer consents for an actual or constructive assignment can adversely affect Federated Hermes' ability to realize the value of these agreements. Regarding the investment advisory agreements with non-U.S. registered or unregistered Federated Hermes Funds, shareholder notice or consent can be required if, after an investment advisory agreement is entered into, there are changes to fees. Such investment advisory agreements are generally terminable for any reason, without cause, after a 30-day to 90-day (or other) notice period. Customer consent to amend investment advisory agreements for non-U.S. Separate Accounts can be required for amendments to such agreements, and such agreements also are generally terminable for any reason, without cause, after a 30-day to 90-day (or other) notice period. The terms of investment advisory agreements, including consent or director or trustee, shareholder or other notice or approval requirements for amending, renewing, or terminating them, can be negotiated and vary among types of Federated Hermes Funds and Separate Accounts. Termination, failure to renew or fee reductions under investment advisory agreements, particularly with significant customers or a series of customers, would reduce revenue and can adversely affect, potentially in a material way, Federated Hermes' Financial Condition.

There are also unique requirements applicable when entering into or renewing investment advisory agreements with certain management investment companies. Under the terms of a 2005 settlement agreement with the SEC and New York State Attorney General, as amended, a Federated Hermes investment advisory subsidiary cannot serve as investment advisor to any registered investment company unless: (1) at least 75% of the fund's directors are independent of Federated Hermes; (2) the chairman of each such fund is independent of Federated Hermes; and (3) no action can be taken by the fund's board of directors or trustees or any committee thereof unless approved by a majority of its independent directors/trustees.

#### *Risks Related to Interest Rates and Investment Performance*

**Potential Adverse Effects of Rising Interest Rates.** Increases in interest rates can adversely affect Federated Hermes' revenue from money market, fixed-income, alternative/private markets and other investment offerings. Equity security values (such as dividend-paying equity securities) can fluctuate in response to interest rate changes. In rising short-term rate environments, certain investors can shift from money market or other short-duration fixed income offerings to direct investments in comparable instruments to seek higher yields. Rising interest rates also tend to reduce the fair value of securities held in various offerings. Rising interest rates can reduce the value of intangible or other assets and increase impairment risk. Rising rates can

also reduce demand for, increase the cost of financing, and adversely affect the value and returns of, real estate and other alternative offerings. Additional adverse effects of rising interest rates can include, among others, reduced liquidity, inflation and decreased affordability, changes in customer or shareholder preferences, higher borrowing costs, increased market volatility, and decreased performance of Federated Hermes' offerings and revenue. The timing and magnitude of these impacts (including, for example, on Federated Hermes' revenues) are uncertain but can materially adversely affect Federated Hermes' Financial Condition.

**Potential Adverse Effects of Low Short-Term Interest Rates.** The federal funds target rate drives short-term interest rates. In a near-zero or negative interest-rate environment, gross yields on certain money market funds can be insufficient to cover the fund's operating expenses, resulting in Federated Hermes incurring Voluntary Yield-related Fee Waivers, which can be partially offset by related reductions in distribution expense as a result of Federated Hermes' mutual understanding and agreement with third-party intermediary customers to share the impact of the Voluntary Yield-related Fee Waivers. Following multiple increases in 2022 and 2023 and subsequent reductions in 2024 and 2025, the federal funds target rate was 3.50 - 3.75% as of December 31, 2025, and remained in that range as of January 28, 2026. See Item 1A – Risk Factors – Specific Risk Factors – Risks Related to Federated Hermes' Investment Management Business and Offerings – Potential Adverse Effects of Increased Competition in the Investment Management Business for information on competitive waivers currently being implemented by Federated Hermes, other than the Voluntary Yield-related Fee Waivers.

Voluntary Yield-related Fee Waivers are calculated as a percentage of AUM in certain money market funds and can vary based on the asset levels and mix. While the level of fee waivers is impacted by various factors, as an isolated variable, increases in short-term interest rates that result in higher yields on securities purchased in money market funds would likely reduce the negative pre-tax impact of these waivers. Conversely, as an isolated variable, decreases in short-term interest rates that result in lower or negative yields on securities purchased in money market funds generally would result in an increase in these fee waivers for certain money market funds and the negative pre-tax impact of these waivers. In that case, Federated Hermes can be required to implement structural changes to certain money market funds and incur additional expenses associated with implementing such changes. Any increases in yields due to increases in interest rates and resulting decreases in fee waivers, or any decreases in yields due to decreases in interest rates and resulting increases in fee waivers, would be uncertain and not directly proportional. The level and actual amount of fee waivers, and the resulting negative impact of these fee waivers, are contingent on a number of variables, such as changes in assets within the money market funds, changes in yields available for purchase by such funds, changes to the level of government stimulus programs (if any), which can result in the issuance of additional Treasury debt instruments, actions by the Federal Open Market Committee (FOMC), the USDT, the SEC, the FSOC and other governmental entities, changes in expenses of the money market funds, changes in the mix of money market assets, changes in customer or shareholder relationships, changes in money market offerings structures, demand for competing investment offerings, changes in distribution fee arrangements with third parties, Federated Hermes' willingness to implement, or, when applicable, continue, Voluntary Yield-related Fee Waivers and changes in the extent to which the impact of the waivers is shared by third parties. In any period, a combination of variables can impact the amount of Voluntary Yield-related Fee Waivers, if any, and the actual amount and resulting negative impact of future fee waivers, if any, can vary significantly from period to period.

With regard to asset mix, changes in the relative amount of assets in prime and government money market funds (or between such funds and other money market funds or other investment offerings), as well as the mix among certain share classes that vary in pricing structure, can impact the level of fee waivers. Generally, prime funds will waive less than government funds due to higher gross yields on their underlying investments. As such, as an isolated variable, an increase in the relative proportion of average managed assets invested in prime funds as compared to total average money market fund assets should typically result in lower Voluntary Yield-related Fee Waivers. The inverse would also be true.

Federated Hermes did not incur Voluntary Yield-related Fee Waivers for the years ended December 31, 2025, 2024 or 2023. However, the duration, level and impact of future interest-rate declines or future Voluntary Yield-related Fee Waivers can materially adversely affect Federated Hermes' Financial Condition.

**Potential Adverse Effects of Poor Investment Performance.** Success in the investment management business depends largely on the investment performance of Federated Hermes' Funds, Separate Accounts, and other offerings relative to market conditions and competing offerings. Investment performance also depends on security selection, proper valuation, liquidity management and the performance of underlying portfolio investments. Value and performance of Federated Hermes' offerings, and underlying portfolio investments, can also be adversely impacted, potentially in a material way, by climate, social, environmental, governance, benchmark, index and geopolitical changes, as well as associated pricing, operational, implementation and other risks. Strong performance generally supports AUM retention and growth, resulting in additional revenues, including, among other revenue, performance fees or carried interest, while poor performance or failure to meet stated

investment objectives and policies of offerings tends to have the opposite effect. There can be no guarantee that any offering, or underlying investment, will be successful or have good performance. An offering being, or becoming, an unsuitable offering for a customer or shareholder, whether due to changes in investment objectives or otherwise, also tends to result in decreased sales and increased redemptions, and failure to earn performance fees, carried interest and/or other fees. For certain offerings, failure to integrate and apply acceptable governance, environmental or social standards, carbon neutrality or climate change strategies, or sustainability or responsible investment principles, can be considered in determining, or result in, poor performance, and result in decreased sales and increased redemptions, and failure to earn performance fees, carried interest and/or other fees. The failure to earn performance fees, carried interest and/or other fees results in a corresponding decrease in revenues to Federated Hermes. Poor performance can, therefore, have a material adverse effect on Federated Hermes' Financial Condition. Market conditions, such as volatility, illiquidity and rising or falling interest rates, among others, can adversely affect the performance of certain quantitative or other offerings, asset classes or sectors. Limitations imposed by certain customers, trade agreements, tariffs and government-imposed restrictions, such as those on investments in certain countries or companies, can limit investment opportunities and negatively affect performance. Performance can also be adversely affected by inferior security selection, human error, government or issuer financial constraints, climate change that impacts portfolio company performance, pandemics or other unexpected events, and other factors. The effects of poor performance on Federated Hermes can be magnified where assets, customers or shareholders are concentrated in certain offerings, asset classes or sectors. Changes in foreign currency exchange rates and poor performance of investments made by Federated Hermes, or derivatives (including, for example, hedges or forward contracts) or other financial transactions entered into by Federated Hermes, can result in investment or capital losses and materially adversely affect Federated Hermes' Financial Condition. The failure or poor performance of competitors' offerings, which can be like those offered by Federated Hermes, can undermine investor confidence in those offering types, regardless of Federated Hermes' own performance.

#### *Risk Related to Federated Hermes' Common Stock and Corporate Structure*

**Common Stock and Status as a Controlled Company.** Federated Hermes has two classes of common stock: Class A, which has voting power; and Class B, which is non-voting except in certain limited circumstances. All the outstanding shares of Class A common stock are held by the Voting Shares Irrevocable Trust for the benefit of certain members of the Donahue family. The three trustees of this trust are Federated Hermes' President and CEO and Chairman of the board of directors, J. Christopher Donahue, his brother, Thomas R. Donahue, Federated Hermes' Vice President, Treasurer and Chief Financial Officer and a director, and Ann C. Donahue, the wife of J. Christopher Donahue. Accordingly, Federated Hermes qualifies as a "controlled company" under Section 303A of the NYSE Listed Company Manual. As a controlled company, Federated Hermes qualifies for and relies upon exemptions from several NYSE corporate governance requirements, including requirements that: (1) a majority of the board of directors consists of independent directors; and (2) the entity maintains a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. As a result, while Federated Hermes' board of directors can from time to time have a majority of independent directors, Federated Hermes' board of directors is not required to have (and, as of December 31, 2025, did not have) a majority of independent directors. It also does not maintain a nominating/corporate governance committee. Federated Hermes is also exempt as a "controlled company" from certain additional independence requirements and responsibilities regarding compensation advisors applicable to Compensation Committee members. The Class A common stock and Class B common stock of Federated Hermes have equal rights to dividends and distributions, when declared, whether in cash or stock, and receive the same amount of consideration per share, notwithstanding any differences in voting rights, in the event of a purchase of Federated Hermes by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger, consolidation or stock purchase) or a sale of all or substantially all of the assets of Federated Hermes. There can be no assurance that Federated Hermes will generate sufficient earnings and cash flow to pay dividends or distributions at current levels or at all. Any reduction or elimination of dividends can adversely affect the market price of Federated Hermes' Class B common stock. While Federated Hermes believes its dual-class structure is appropriate and benefits its shareholders, and should be a factor taken into account by shareholders when investing in Federated Hermes, as a company with a dual-class structure, Federated Hermes can be excluded from certain financial indexes, which can result in decreased investments in its Class B common stock and adversely affect its stock price. The sale or issuance of substantial amounts of Federated Hermes' Class B common stock in the public market also can adversely affect its price. If existing shareholders sell substantial amounts of Class B common stock, or if there is a perception that such sales will occur, the market price of Federated Hermes Class B common stock can decline as a result.

## **General Risk Factors**

### *Economic and Market Risks*

**Potential Adverse Effects of a Decline or Disruption in the Economy or Markets.** Economic or market downturns, deficits, disruptions or other domestic or international conditions can result in volatility, illiquidity and other adverse market effects, including, among other potentially material adverse impacts, reduced investment supply (such as money market or municipal (tax-exempt) securities), diminished profitability, and performance, and demand for and investor confidence in, investment offerings. These conditions can include, among others, market disruptions, sector defaults or underperformance, changes in consumer spending and personal savings, unemployment, excessive or unsustainable private, public, corporate, or emerging market debt levels, increased bankruptcies, supply-chain disruptions, shifts in fiscal or monetary policy or reform (such as stimulus programs, quantitative easing or tightening) or other market-related activities), central bank changes in risk perception or activism through continued, high/rising deficits, market wariness, increased or decreased ownership, exchange, cancellation or issuance of debt or other means, increased regulation or the pace of new regulation or deregulation, changes in interest rates, changes in oil prices or other changes in commodity markets or prices, changes in currency values, changes in property values and financial costs, or exchange rates or currency abandonment, inflation, deflation, or stagflation, index changes, widening bid/ask spreads, changes in the allocation of capital to market-making, restructuring of government-sponsored entities, imposition of economic sanctions or government-imposed investment restrictions, trade friction or trade wars and increased trade tariffs, economic or political weakness, political turmoil, changes in political views on governance, environmental or social-related matters, geopolitical tensions (such as between the U.S. and Russia, China, Iran, North Korea and Venezuela) or military escalation (such as Russia's invasion of Ukraine or the Israel-Hamas war) or other instability in certain countries or regions, technology-related or cyber-attacks or incidents, terrorism, climate change, the prospects for or concerns about any of the foregoing factors or events, or other factors or events that affect the markets. In addition, power grid congestion or capacity constraints, including curtailment of renewable generation or storage, can reduce project economics and delay or limit project development and related services. These and related factors or events can contribute to volatility, illiquidity, economic or market downturns, loss of value, market or supply-chain disruptions and other adverse effects. For example, actual or threatened sanctions or tariffs can lead to, among other effects, currency devaluation, credit-rating downgrades, reduced liquidity, increased volatility, asset freezes or retaliatory measures, which can exacerbate cybersecurity, market and other risks. See also Item 1A – Risk Factors – General Risk Factors – Other General Risks – Potential Adverse Effects of Unpredictable Events or Consequences.

Federated Hermes' offerings, and portfolio investments can be adversely affected, potentially in a material way, by changes in U.S., U.K., EU or other markets, sovereign credit-rating downgrades of debt-limit and other economic developments, or other actual or potential deterioration in international sovereign or other market conditions.

At December 31, 2025, Federated Hermes' liquid assets of \$769.4 million included investments in certain money market and fluctuating-NAV Federated Hermes Funds with direct and/or indirect exposure to international sovereign debt and currency risks. Federated Hermes and its money market and other Federated Hermes Funds also rely on and interact with financial industry participants, including counterparties, broker-dealers, banks, clearing organizations, other investment offerings, service providers, customers, and shareholders, whose creditworthiness or financial soundness can adversely affect Federated Hermes' Financial Condition, particularly during periods of market stress. Losses arising from these exposures can materially adversely affect Federated Hermes' Financial Condition.

Custody, depository and portfolio accounting services for the Federated Hermes Funds generally are outsourced to third-party financial institutions. Accounting records for the Federated Hermes Funds are maintained by these service providers. These service providers, or other service providers of Federated Hermes and its offerings, customers, or shareholders, can also be adversely affected by the adverse market conditions described above. It is not possible to predict the extent to which the services or products Federated Hermes or its offerings receive from such service providers would be interrupted or affected by such situations. Accordingly, there can be no assurance that a potential service interruption or Federated Hermes' ability to find a suitable replacement would not have a material adverse effect on Federated Hermes' Financial Condition.

**No Assurance of Access to Sufficient Liquidity or Capital.** Like other companies, Federated Hermes' operations, including corporate actions like stock repurchases, acquisitions and other actions, can at times require more cash than operations generate. In such cases, Federated Hermes can borrow money from lending facilities or raise capital through new debt or equity issuances or sales. Certain subsidiaries including its broker-dealer and certain non-U.S. subsidiaries, can also be required to maintain specified liquidity levels or regulatory capital. Significant changes to required capital, operating losses, or extraordinary charges against required capital can adversely affect their ability to maintain or expand operations if Federated Hermes cannot make additional investments in them. Federated Hermes' ability to raise additional capital depends on many factors including, for

example, its creditworthiness, credit ratings, stock value, interest rates and general market conditions. There can be no assurance that Federated Hermes will be able to obtain or maintain necessary capital or obtain funds or financing on acceptable terms, if at all. Failure to obtain or maintain needed capital can materially adversely affect Federated Hermes' Financial Condition. Likewise, if a Federated Hermes Fund needs liquidity to pay shareholder redemptions or for other reasons, there can be no assurance it can access credit lines, inter-fund lending arrangements, or other liquidity sources on acceptable terms, if at all, which can have a material adverse effect on such Federated Hermes Fund and result in redemptions and a corresponding reduction in Federated Hermes' AUM and revenue. While not obligated, if Federated Hermes elects to provide credit support to a Federated Hermes Fund, its own liquidity and income can be adversely affected. These factors can materially adversely affect Federated Hermes' Financial Condition.

### *Regulatory and Legal Risks*

**Potential Adverse Effects of Changes in Laws, Regulations and Other Regulatory Requirements.** Like other companies, Federated Hermes, its investment management business, and its offerings are subject to extensive regulation globally, and any new business line, acquired business, or new or acquired offerings would be as well. In the U.S., key regulatory requirements include, among others: the 1933 Act, the 1934 Act, the 1940 Act, the Advisers Act and other federal securities laws; state anti-fraud, state registration and certain other state laws; regulations and other rules, promulgated by various regulatory authorities, self-regulatory organizations or exchanges. Securities laws can be substantially amended from time to time.

The SEC primarily regulates Federated Hermes and its U.S.-distributed offerings. FINRA also regulates Federated Hermes, particularly its registered broker-dealer subsidiary. Federated Hermes, and certain Federated Hermes Funds, are also subject to CFTC and National Futures Association (NFA) regulation when their investments in futures, swaps or certain other commodity interests are above de minimis levels.

Outside the U.S., Federated Hermes, its business, and its offerings are regulated by foreign regulatory or other authorities, such as the FCA (U.K.), CBI (Ireland), CIMA (Cayman Islands), Monetary Authority of Singapore, ASIC (Australia) and CSSF (Luxembourg), which can impose different regulatory requirements than in the U.S. Operating outside the U.S. through foreign subsidiaries and offerings organized or distributed outside the U.S. can provide a different (including a lessor) level of legal protections, transparency, and regulatory certainty than in the U.S.

Recent and future legislation by Congress, state legislatures, foreign parliaments, and other governments, and rulemaking by the SEC, FINRA, CFTC, NFA, NYSE, state or local governments and regulators, the FCA, CBI, CIMA, Monetary Authority of Singapore, ASIC, CSSF, and other regulators, self-regulatory organizations or exchanges, have increased, and can further increase, Federated Hermes' operating expenses, and affected the conduct of its offerings, as well as its AUM, revenues, and operating income. Federated Hermes' offerings are affected by regulatory requirements and regulatory authorities that impact the way Federated Hermes' offerings are structured, marketed, distributed, delivered or sold. Federated Hermes' stewardship (engagement and proxy recommendations) services are also impacted by securities laws, proxy-advisor regulation, antitrust or competition laws, governance, environmental, and social-related laws, and other regulatory requirements, as well as Congressional and other governmental inquiries, examinations, investigations, hearings, and enforcement. Regulatory requirements applicable to banks, other financial institutions, intermediaries, real estate and power generation can also affect Federated Hermes and its offerings, including changes to renewable energy grid connection, capacity allocation, and permitting regimes that can delay projects or reduce their viability.

Failure to comply with applicable U.S. and non-U.S. regulatory requirements can result in regulatory enforcement, civil or criminal liability, the imposition of sanctions or restrictive orders, and/or a wide range of liability or other disciplinary actions against or affecting Federated Hermes, its business or its offerings, including monetary damages, injunctions, disgorgements, fines, penalties, cease and desist orders, censures, reprimands, and the revocation, cancellation, suspension or restriction of licenses, registration status or required approvals. A public regulatory issue can also have a negative impact on Federated Hermes' reputation. Accordingly, a failure to comply with applicable regulatory requirements can affect, potentially in a material way, Federated Hermes' offerings and Financial Condition.

Growth of Federated Hermes' business and offerings (whether organic or through acquisitions, product expansion, market appreciation, or entry into new jurisdictions or markets, or otherwise) can increase compliance obligations, costs and risk, reporting risks, and operating costs. The pace of the issuance and adoption/enactment of new regulatory developments and regulatory requirements, overlapping compliance deadlines, and actual or potential conflicts amongst requirements and regulatory approaches across or among the various jurisdictions where Federated Hermes operates, and its offerings are distributed or marketed, compound compliance risks, internal and external resource requirements, and operational costs. Compliance risk, internal and external resource requirements, and operating expenses also can increase as Federated Hermes

continues to expand its use of governance, environmental or social, sustainability, stewardship or other data inputs or investment techniques in providing its offerings, as well as when markets, customer or shareholder requirements, support models and technology increase in complexity. Federated Hermes has taken steps to integrate proprietary insights from fundamental investment analysis, including governance, environmental or social factors and engagement interactions, into many of its offerings. Related compliance expense is further exacerbated by the increasing spectrum of governance, environmental or social disclosure requirements that can differ between jurisdictions, countries and markets, as well as jurisdiction-specific legislation affecting the ability to utilize certain (e.g., non-material) governance, environmental or social research factors to manage certain customer assets (such as state government or pension fund assets). Failure to comply with legal and regulatory requirements, or changes to legal and regulatory requirements, whether due to conflicts of interest, breaches of fiduciary duty, trading on the basis of material nonpublic information, other improper conduct by employees or service providers, inadequate processes, procedures and controls, or other causes, can impact market integrity, customer or shareholder outcomes and satisfaction, performance and Federated Hermes' reputation, as well as its compliance with its investment advisory and other agreements, licensing requirements and governance and compliance policies, and result in lost business, fines, penalties or other sanctions. Significant or repeated failures also can change Federated Hermes' regulators' views of, and relationship with, Federated Hermes. Regulators or other government bodies also have undertaken or can undertake examinations, investigations, inquiries, hearings and/or enforcement actions involving investment management industry participants, such as Federated Hermes and its offerings. Regulators also can adopt new or different interpretations of regulatory requirements, either through formal rulemaking or informally through enforcement proceedings, no-action letters, or exemptive orders or through providing comments to filings, which can negatively affect, potentially in a material way, Federated Hermes' offerings or its ability to operate.

Federated Hermes expends internal and external resources to respond to examinations, Congressional/government inquiries and investigations, to defend hearings and enforcement actions, and to resolve comments from regulators, which increases operating expenses, including professional fees and costs of compliance. Federated Hermes continues to monitor and evaluate the impact of the regulatory developments and regulatory requirements discussed above (and in Item 1- Business – Regulatory Matters) on Federated Hermes' Financial Condition. Among other potential impacts, increases in regulatory developments and requirements have led, and can continue to lead to greater compliance risks and compliance costs, including increased costs associated with technology, legal, operations and other efforts to address regulatory-related matters. Deregulation also is a possibility. Regulatory developments and requirements also have caused, and can continue to cause: (1) certain offering line-up, structure, pricing and product development changes; (2) changes in the ability to utilize "soft dollars" to pay for certain research and brokerage services (rather than Federated Hermes paying for such services directly); (3) money market, equity, fixed-income, alternative/private markets and multi-asset offerings becoming less attractive to institutional and other investors; (4) reductions in the Federated Hermes Funds offered by intermediary customers; (5) changes in fees charged, asset flows, levels and mix, and customer or shareholder relationships; and (6) reductions in AUM, revenues and operating profits. For example, certain money market funds or other offerings can become less attractive to institutional or other investors, which can change asset mix and reduce AUM, revenues and operating income. Changes in money market fund regulation increase this risk.

On a cumulative basis, Federated Hermes' regulatory, product development and restructuring, and other efforts in response to regulatory developments and regulatory requirements, including the internal and external resources dedicated to such efforts, have had, and can continue to have, a material impact on Federated Hermes' expenses and, in turn, Financial Condition. There is no guarantee that additional money market fund reforms will not result in a shift in asset mix away from institutional prime and municipal (or tax-exempt) money market funds and toward government money market funds.

Regulatory developments and new or amended regulatory requirements, and Federated Hermes' efforts in responding to them, can have a material and adverse effect on Federated Hermes' Financial Condition. Given the current regulatory environment, Federated Hermes is unable to fully assess the degree of the impact of proposed or adopted regulatory developments and regulatory requirements, and Federated Hermes' efforts related thereto, on its Financial Condition.

In addition, the Dodd-Frank Act provides for a systemic risk regulation regime under which it is possible that Federated Hermes, and/or any one or more of its offerings can be subject to designation as a SIFI by the FSOC. Similarly, it is possible that the FSB can designate Federated Hermes, and/or one of its offerings (such as the non-U.S. Federated Hermes Funds), as a non-bank, non-insurance company global SIFI. Among other potential impacts, any such designation would result in Federated Hermes and/or its offerings being subject to additional banking regulation and bank-oriented measures and oversight by the Federal Reserve or the FSB. Any such designation of Federated Hermes or one or more of its offerings (particularly money market funds) would be detrimental to Federated Hermes' business and offerings and can materially and adversely affect Federated Hermes' Financial Condition.

In addition, a FTT, particularly if enacted with broad application in the U.K., the EU, or the U.S., would be detrimental to Federated Hermes' business and offerings.

Changes in regulatory developments and regulatory requirements, and related regulatory supervision, domestically and abroad, as well as market conditions, also have impacted, and/or can impact, Federated Hermes' service providers, intermediaries and other customers, shareholders and other third parties with whom Federated Hermes, and its offerings, conduct business, as well as their preferences, and their businesses. For example, provisions of the Dodd-Frank Act or Regulation Best Interest can affect customers' sale or use of Federated Hermes' offerings. Among other potential impacts, these changes are affecting, and can continue to affect, Federated Hermes' arrangements with these customers, and can continue to increase fee pressure, reduce the number of Federated Hermes offerings made available by them, cause certain other customers or shareholders to favor passive offerings over actively managed offerings, increase respective operating expenses and distribution costs, result in lower AUM, change asset flows, levels and mix, and otherwise affect the conduct of Federated Hermes' or such customers' businesses. These changes resulted, and will likely continue to result, in Federated Hermes or one or more of these third parties seeking to restructure or alter their compensation or other terms of the business arrangements between Federated Hermes or its offerings and one or more of these third parties. In addition, these developments have caused, and/or can cause, certain offering line-up, structure, pricing and product development changes, as well as money market, equity, fixed-income, alternative/private markets or multi-asset offerings to be less attractive to institutional and other investors, reductions in the number of Federated Hermes Funds offered by intermediaries, changes in the fees Federated Hermes, retirement plan advisors and intermediaries will be able to earn on offerings sold to retirement plan clients, changes in work arrangements and facility-related expenses, and reductions in AUM, revenues and operating profits. In addition, these developments have caused, and/or can cause, changes in asset flows, levels and mix, as well as customer and service provider relationships. Further analysis and planning, or additional refinements to Federated Hermes' offering lineup, investment management services and business practices, can be required in response to market conditions, customer preferences or new or modified regulatory developments and regulatory requirements. The above factors can have a material adverse impact on Federated Hermes' Financial Condition.

For a further discussion of U.S. and international regulatory developments and regulatory requirements that can impact Federated Hermes and its business and offerings, see Item 1 – Business – Regulatory Matters.

Federated Hermes' business and offerings also have been and will continue to be impacted by changes in tax laws. Any repeal of U.S. tax laws that allow ETFs to receive favorable treatment of certain redemptions can adversely impact Federated Hermes' ETF offerings and business. When tax laws are amended to increase taxes applicable to Federated Hermes, its offerings, customers, shareholders and service providers, the increased tax expense can have an adverse impact, potentially in a material way, on Federated Hermes' offerings' and strategies' performance, AUM, and service provider fees, and Federated Hermes' Financial Condition. The failure to properly calculate, report and remit such taxes also can subject Federated Hermes, its offerings, customers, shareholders and service providers to additional tax liability, fines and penalties. In addition, various service industries, including, for example, mutual fund service providers, have been, and continue to be, the subject of changes in tax policy that impact their state and local tax liability. Changes that have been adopted or proposed include: (1) an expansion of the nature of a service company's activities or services that subject it, or Federated Hermes or its offerings, to tax in a jurisdiction, (e.g., income, sales, use or other types of taxes); (2) a change in the methodology by which multi-state companies apportion their income between jurisdictions; and (3) a requirement that affiliated companies calculate their state tax as one combined entity. As adopted changes become effective and additional jurisdictions enact similar changes, among other potential impacts, there can be a material adverse effect on Federated Hermes' tax liability and effective tax rate and, as a result, net income. Tax changes also can adversely affect Federated Hermes' offerings and Financial Condition.

**Potential Adverse Effects of Litigation, Investigations, Proceedings and Other Claims.** Like other companies, Federated Hermes and its offerings, such as the Federated Hermes Funds and its stewardship business, can face one or more (including potentially parallel) regulatory, Congressional/governmental examinations, inquiries, investigations, hearings, enforcement actions, litigation, and other claims and proceedings. Federated Hermes and its offerings undergo routine, sweep and other examinations, inquiries, investigations, proceedings (administrative, regulatory, civil, or otherwise) and other claims by its regulators (regulatory claims). Federated Hermes and its offerings also face complaints, proceedings (such as civil litigation) and other claims from employees, former employees, customers, shareholders, or other third parties (business-related claims). As Federated Hermes' business and offerings grow (whether through organic expansion, acquisitions, rising AUM, or new offerings being distributed or marketed, or otherwise) the attention and resources devoted to compliance, and the possibility of noncompliance, can increase. Compliance demands and noncompliance risk can also increase as Federated Hermes and its offerings expand into new jurisdictions or markets, offer new investment offerings, and incorporate governance, environmental, social, sustainability, stewardship, or other data inputs or investment techniques, or as markets, customer requirements, support models and technology become more complex. Federated Hermes has business-related claims asserted and threatened against it, and Federated Hermes and its offerings are subject to certain regulatory claims (such as routine and sweep examinations and

other inquiries), in the ordinary course of business. In addition, Federated Hermes, and its offerings, can be subject to business-related claims, claims related to Federated Hermes sponsorship or management of, or inclusion of proprietary offerings in, its 401(k) plan or other benefit plans, and administrative, regulatory, or civil investigations and proceedings or other regulatory claims, outside of the ordinary course of business. For example, in August 2023, a class action lawsuit was filed, on behalf of the Federated Hermes, Inc. Employees Profit Sharing/401(k) Plan (Plan), in the U.S. District Court for the Western District of Pennsylvania (Western District) against Federated Hermes and certain other defendants alleging breach of their fiduciary duties of prudence and loyalty, and certain other causes of action, relating to administering the Plan. In March 2025, a former employee filed a lawsuit against Federated Hermes alleging discrimination. In July 2023, Federated Hermes, and a subsidiary, also filed suit in the Western District against its first two primary insurance carriers relating to Federated Hermes' claims for coverage of certain losses incurred.

Federated Hermes cannot assess or predict whether, when or what types of business-related claims, fiduciary claims or regulatory claims (collectively, claims) can be threatened or asserted, the types or amounts of damages or other remedies that can be sought (which can be material when threatened or asserted), whether claims that have been threatened will become formal asserted pending investigations, proceedings or litigation, whether claims ultimately will be successful entirely or in part (whether through settlement or adjudication), or whether or not any such claims are threatened or asserted in or outside the ordinary course of business. Federated Hermes can initially be unable to accurately assess a claim's impact. Given that the outcome of any claim is inherently unpredictable and uncertain, a result can arise from time to time that adversely impacts, potentially in a material way, Federated Hermes' Financial Condition. In certain circumstances, insurance coverage might not be available or deductible amounts might not be exceeded, and Federated Hermes, or its offerings (including the Federated Hermes Funds or Separate Accounts), could have to bear the costs related to claims or any losses or other liabilities resulting from any such matters, or from the operation of Federated Hermes' business and offerings.

**Risks Related to Auditor Independence.** As with other public companies, there can be no assurance that a registered public accounting firm (Accounting Firm) engaged by Federated Hermes or the Federated Hermes Funds to audit or review their respective financial statements will remain eligible to serve as the independent Accounting Firm to Federated Hermes or any Federated Hermes Fund under applicable securities laws. Like other fund sponsors that are public companies, certain Federated Hermes Funds also utilize the Accounting Firm engaged by Federated Hermes. If it were to be determined that the independence requirements under applicable securities laws or International Ethics Standards Board for Accountants (IESBA) rules, or any applicable similar rules in relevant jurisdictions outside the U.S., were not complied with regarding Federated Hermes, its previously filed Annual Reports on Form 10-K (including financial statements audited by its existing Accounting Firm) and Quarterly Reports on Form 10-Q (including financial statements reviewed by its existing Accounting Firm) might not be considered compliant with the applicable securities laws and/or IESBA rules. If it were to be determined that an Accounting Firm did not comply with the independence requirements, among other things, the financial statements audited by the Accounting Firm and the interim financial statements reviewed by the Accounting Firm could have to be audited and reviewed, respectively, by another independent Accounting Firm, Federated Hermes' eligibility to issue securities under its existing registration statements can be impacted and certain financial reporting and/or other covenants with, and representations and warranties to, Federated Hermes' lenders or debt holders can be impacted. Similar issues would arise for a Federated Hermes Fund for which Federated Hermes' Accounting Firm (or another Accounting Firm) serves as such Federated Hermes Fund's independent Accounting Firm if it were to be determined that Federated Hermes' Accounting Firm (or such other Accounting Firm) was not in compliance with the independence requirements under applicable securities laws and/or IESBA rules, or any applicable similar rules in relevant jurisdictions outside the U.S., with respect to such Federated Hermes Fund. If a determination cannot be made that the Accounting Firm satisfies the independence requirements with respect to an applicable Federated Hermes Fund, the Accounting Firm also can be prevented from making a determination that it satisfies the independence requirements with respect to Federated Hermes, since Federated Hermes would be an affiliate (*i.e.*, the ultimate parent company) of the investment advisor to the relevant Federated Hermes Fund. In either case, such events can have a material adverse effect on Federated Hermes' Financial Condition.

#### *Operations-Related Risks*

**Operational Risks.** Like other companies, Federated Hermes' business, offerings, and operations rely globally on internal resources and numerous outsourcing and vendor relationships with third-party service providers, whose own operations depend on additional third-party relationships. Operational risks include, among others: improper, inefficient or unauthorized transaction execution, processing, pricing or monitoring; inadequate, deficient, inefficient, inflexible, non-resilient, or non-scalable technology, processes, operating systems, security or other infrastructure, resources or controls; underperformance by internal resources or third-party service providers; inadequate recruiting, supervision, training, retention or promotion of the well-being and resiliency of qualified human capital resources (whether internal or external); employee turnover (whether because of retirement or otherwise, and particularly involving executives, management or other key employees); insufficient

due diligence on third-party service providers; business or supply-chain disruptions; health and safety incidents and work conditions involving employees, contractors, or third parties at facilities and project sites; failures to effectively upgrade, patch, integrate, modernize or decommission technology or transition to a “cloud-based” environment; weaknesses in or breaches of governance or internal controls (whether by Federated Hermes, its offerings, or third-party service providers); unauthorized disclosure or manipulation of, or access to, confidential, proprietary or non-public personal or business information; unauthorized access to accounts, applications or systems; and noncompliance with investment mandates and related investment parameters, regulatory requirements or customer-imposed restrictions. As Federated Hermes and its service providers expand or face increasing complexity or customization or scalability needs, operational risk can increase. System or process changes, including upgrades or patches, can be implemented in an improperly controlled environment, ineffectively, untimely, inefficiently or incorrectly, creating additional risks, such as, among others, intentional or unintentional compromise of the integrity or security of confidential, proprietary or personal information or other data of Federated Hermes, its employees, its customers, shareholders, service providers or other third parties. Federated Hermes relies on employees, service providers, technology, and business continuity plans to comply with established procedures, controls, regulatory requirements, investment parameters or customer-imposed restrictions. Failures in or improper use of systems, human error, improper actions, or noncompliance can materially adversely affect Federated Hermes’ Financial Condition.

**Systems, Technology and Cybersecurity Risks.** Like other companies, Federated Hermes utilizes software and related technologies throughout its business, including, for example, both proprietary systems and those provided by outside service providers. Service providers to whom certain services, functions or responsibilities are outsourced by or for, and customers and shareholders of, Federated Hermes and its offerings, and third parties on which such service providers, customers and shareholders rely, also utilize software and related technologies in their businesses. Certain software applications that Federated Hermes uses in its business are licensed by, and supported, upgraded, and maintained by, third-party vendors. A suspension or termination of certain of these licenses or the related support, upgrades, and maintenance can cause temporary system delays or interruptions that can adversely affect Federated Hermes’ business and offerings. Federated Hermes continues to increase its investment in systems and technology, including externally hosted or cloud-based systems and technology, and its reliance on third parties, for investment management and trading operations, information and data management and governance, disaster recovery, compliance, and other areas of its business, and continues to explore innovative technological solutions and offerings involving artificial intelligence and financial technology. Federated Hermes has adopted a measured approach to artificial intelligence technology given reliability, cybersecurity, and other concerns, and it is possible that competitors will more quickly or effectively implement the use of artificial intelligence technology giving them a competitive advantage over Federated Hermes. Unanticipated issues also can occur with any software, system or other technology and it is not possible to predict with certainty all the adverse effects that can result from a failure of Federated Hermes or a third party to address technology or computer system problems. Along with cyber incidents described more fully below, business changes, data or model imprecision, control failures, obsolescence, software or other technology malfunctions, severe weather, natural disaster or other climate conditions, human error, programming inaccuracies and similar or other circumstances or events can impair the performance of systems and technology or render them non-available. Systems and technology risk has increased as Federated Hermes’ systems and technology are integrated and deployed on an enterprise-wide basis. There can be no assurance that potential system interruptions, other technology-related issues, or the cost necessary to rectify the problems would not have a material adverse effect on Federated Hermes’ Financial Condition.

In addition, like other companies, Federated Hermes’ business and offerings rely on the security and reliability of information and communications technology, systems and networks. Federated Hermes uses digital technology, including, for example, networked systems, email, and the internet, to conduct business operations and engage, distribute or market offerings, accounts, customers, employees, shareholders, and relevant service providers, among others. The use of the internet and other electronic media, computers and technology expose Federated Hermes, its business, offerings, accounts, customers, employees, shareholders, service providers and other third parties, and their respective operations, to risks from frequent cybersecurity attacks, events, or incidents (cyber incidents). Federated Hermes and relevant service providers collect, maintain, and transmit confidential, proprietary, and non-public personal customer, shareholder, business, offering, and employee information (such as in connection with online account access and performing investment, reconciliation, transfer agent, custodian and other recordkeeping and related functions) that can be targeted by cyber incidents. Hybrid work environments increase the risk of cyber incidents given the increase in cyber-attack surface stemming from the use of non-office or personal devices and technology. Federated Hermes, and its investment offerings and certain service providers, also generate, compile and process information for purposes of preparing and making filings or reports to governmental agencies or providing reports or statements to customers or shareholders, and a cyber incident that impacts that information, or the generation and filing processes, can prevent required filings, reports or statements from being made or delivered in any case accurately, on a timely basis or at all. Cyber incidents involving Federated Hermes or its offerings or service providers, regulators, or exchanges to which confidential, personally identifiable, or other information is reported or filed also can result in unauthorized disclosure or compromise of, or access to, such information.

Cyber incidents can result from human error or intentional (or deliberate) attacks or unintentional events by insiders (*e.g.*, employees) or third parties, including cybercriminals, competitors, nation-states and “hacktivists,” among others. Cyber incidents can include, for example, phishing, credential harvesting or use of stolen access credentials, unauthorized access to systems, networks or devices (for example, through hacking activity), structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, exfiltration of data to malicious sites, the dark web or other locations or threat actors, the use of fraudulent or fake websites, and other attacks (such as denial-of-service attacks on websites), which shut down, disable, slow, impair or otherwise disrupt operations, business processes, technology, connectivity or website or internet access, functionality or performance. In addition to intentional cyber incidents, unintentional cyber incidents can occur (for example, the inadvertent release of confidential or non-public personal information). Changes to Federated Hermes’ business, offerings, processes, systems, or technology, if not implemented or integrated properly, can increase cyber incident vulnerability.

Like other companies, Federated Hermes has experienced, and will continue to experience, cyber incidents daily. As of December 31, 2025, cyber incidents have not had a material adverse effect on Federated Hermes’ Financial Condition. Cyber incidents can affect, potentially in a material way, Federated Hermes’ relationships with its offerings, accounts, customers, employees, shareholders, relevant service providers and other third parties. A cyber incident can cause Federated Hermes, its business, offerings, accounts, customers, employees, shareholders or relevant service providers, or other third parties, to lose proprietary, sensitive, confidential or non-public business offering, account, customer, employee, shareholder, or personal information, or intellectual property, suffer data corruption or business interruption, impair data coverage or quality, lose operational capacity (for example, the loss of the ability to process transactions, generate or make filings or deliver reports or statements, calculate NAVs, or allow the transaction of business, or other disruptions to operations), and/or fail to comply with applicable privacy and other regulatory requirements. Among other potentially harmful effects, cyber incidents also can result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems. Any cyber incident can cause lost revenues, the occurrence of other financial losses, diminished future cash flows, significant increases in compliance or other costs or expenses (such as costs associated with compliance with cybersecurity regulatory requirements, protection, detection, remediation and corrective measures, and credit monitoring for impacted individuals), exposure to increased litigation and legal risks (such as regulatory actions and penalties, and breach of contract or other litigation-related fees and expenses), reputational damage, damage to employee perceptions of the company, damage to competitiveness, stock price and shareholder value, and other negative or adverse impacts. Cyber incidents affecting issuers in which Federated Hermes’ or its customers’ or shareholders’ assets are invested also can cause such investments to lose value. Any of these cyber incidents can become incrementally worse if they were to remain undetected for an extended period.

The operating systems of Federated Hermes, and its offerings, customers, shareholders, and relevant service providers are dependent on the effectiveness of information security policies and procedures (both at Federated Hermes and its service providers) which seek to ensure that such systems are protected from cyber incidents. Federated Hermes has established a committee to oversee Federated Hermes’ information security and data governance efforts, and updates on cyber incidents and risks are reviewed with relevant committees, as well as Federated Hermes’ board of directors (or a committee thereof), on a periodic (generally quarterly) basis (and more frequently when circumstances warrant) as part of risk management oversight responsibilities. Federated Hermes has, and believes its offerings and its service providers have, established risk management systems that are reasonably designed to seek to reduce the risks associated with cyber incidents. Federated Hermes employs various measures aimed at mitigating cyber risk, including, among others, use of firewalls, system segmentation, system monitoring, virus scanning, periodic penetration testing, employee phishing training and an employee cybersecurity awareness campaign. Among other service provider management efforts, Federated Hermes conducts due diligence on key service providers relating to cybersecurity. However, there is no guarantee that such efforts will be successful, either entirely or partially, as there are limits on Federated Hermes’ ability to prevent, detect, or mitigate cyber incidents. Among other reasons, the cybersecurity landscape is constantly evolving, the nature of malicious cyber incidents is becoming increasingly sophisticated and Federated Hermes, and its relevant affiliates and offerings, cannot control the systems and cybersecurity systems and practices of issuers, relevant service providers or other third parties. Federated Hermes’ risk from cyber incidents also can increase because of expansion into new markets, jurisdictions or countries, acquisitions, new technology, or previously unexploited vulnerabilities in software or related patches becoming activated (or “weaponized”) by hackers.

While Federated Hermes has obtained cyber-insurance, there is no guarantee that a particular incident would be covered by such insurance. In certain circumstances, insurance coverage might not be available or sufficient, or deductible amounts might not be exceeded, and Federated Hermes or its offerings could have to bear the costs related to claims or any losses or other liabilities resulting from a cyber incident.

While Federated Hermes cannot predict the financial or reputational impact to its business or offerings resulting from any cyber incident, depending upon its nature, magnitude and severity, the occurrence of a cyber incident, or a similar situation or

incident, can have a material adverse effect on Federated Hermes' Financial Condition. The internal and external resources and efforts necessary to implement system and technology upgrades, decommissions, integrations, and modernizations, data governance and management, and cybersecurity policies, procedures and measures, as well as service provider management, have increased, and will continue to increase, Federated Hermes' operating expenses, and can adversely affect, potentially in a material way, Federated Hermes' Financial Condition.

**Artificial Intelligence Risks.** Federated Hermes has begun using artificial intelligence and machine learning technologies to enhance certain workflows and processes used in its business. Artificial intelligence is still in its early stages, and the introduction and incorporation of artificial intelligence technologies can result in unintended consequences, emerging ethical issues, or other new or expanded risks and liabilities (including, without limitation, reputational harm and legal liability). If the content, analyses, or recommendations that artificial intelligence applications assist in producing are, or are alleged to be, deficient, inaccurate, or biased, such as due to limitations in artificial intelligence algorithms, insufficient or biased base data or flawed training methodologies, Federated Hermes' Financial Condition can be adversely affected. Additionally, artificial intelligence technology is continuously evolving, and Federated Hermes can incur costs to adopt and deploy artificial intelligence technologies that can become obsolete earlier than expected, and there can be no assurance that Federated Hermes will realize the desired or anticipated benefits from artificial intelligence. Also, Federated Hermes' competitors and other third parties can incorporate artificial intelligence into their investment offerings more quickly or more successfully than Federated Hermes, which can impair Federated Hermes' ability to compete effectively and adversely affect its Financial Condition.

#### *Other General Risks*

**Recruiting and Retaining Key Personnel (Human Capital Resource Management Risk).** Like other industries, the investment management business is highly competitive, and experienced professionals have significant career mobility. Federated Hermes' ability to attract or acquire, and motivate and retain, quality personnel has contributed significantly to its growth and success and is important to attracting and retaining customers and shareholders. The market for qualified executives, portfolio managers, analysts, traders, sales representatives and other key personnel is extremely competitive. The move to hybrid work environments (including opportunities to work from home provided by competitors), along with increases in competitor salaries, has increased competition for quality personnel, and made hiring and retaining qualified and experienced personnel more challenging. Regulatory requirements, business performance and a lack of financial flexibility also are factors in attracting and retaining qualified personnel. There can be no assurance that Federated Hermes will be successful in its efforts to recruit or acquire, and motivate, train and retain, the required personnel. In addition to competing opportunities, personnel elect to pursue other interests for business, personal and other reasons or retire from time to time. The post-coronavirus pandemic work environment, and related work environment changes, including hybrid-working arrangements, can create retention and other human capital resource management risks. State and federal regulatory requirements intended to limit or curtail the enforceability of non-competition, employee non-solicitation, confidentiality and similar restrictive covenant clauses can make it more difficult to retain qualified personnel. Federated Hermes has encouraged the continued retention of its executives and other key personnel through measures such as providing competitive compensation arrangements, a non-discriminatory, diverse, and inclusive work environment, work arrangement flexibility and, in certain cases, employment agreements. The internal transfer or departure of any such personnel can have an adverse effect on Federated Hermes. In certain circumstances, the internal transfer, retirement or other departure of key employees can cause higher redemption rates for certain AUM, the loss of customer or shareholder relationships, or create risk that job responsibilities are not successfully redistributed or transferred or experience, management skills and/or institutional business knowledge are not retained. Moreover, since certain of Federated Hermes' offerings, or customer or shareholder relationships, contribute significantly to its revenues and earnings, the loss of even a small number of key personnel associated with these offerings, or customer or shareholder relationships, can have a disproportionate adverse impact, potentially in a material way, on Federated Hermes' Financial Condition. In addition, due to the global nature of Federated Hermes' business, key personnel can have reasons to travel to regions susceptible to higher risk of civil unrest, organized crime, or terrorism, and it can be difficult for Federated Hermes to ensure the safety of personnel traveling to such regions. See Item 1 – Business – Human Capital Resource Management for additional information on recruiting and retention practices.

**No Assurance of Successful Strategic Transactions.** Like other companies, Federated Hermes' business strategy contemplates seeking acquisition candidates and other business relationships, and growing through such acquisitions and other strategic transactions, each of which involves risks and uncertainties. For Federated Hermes, this generally involves acquisitions of other investment management companies, investment assets and related businesses, both domestically and internationally. There can be no assurance that Federated Hermes will find suitable acquisition candidates or opportunities for other strategic transactions at acceptable prices and with an aligned business culture and vision, have sufficient capital resources to realize its acquisition or strategic strategy, be successful in entering into definitive acquisition or transaction agreements or consummating acquisitions or other strategic transactions, or successfully collaborating with, or integrating or consolidating,

acquired companies, other businesses or assets into Federated Hermes or its offerings. There also can be no assurance that any such acquisitions or other strategic transactions, if consummated, will not increase organizational stress to unacceptable levels or cause process failures, result in violations of applicable regulatory requirements, increase taxes or otherwise increase legal, tax or compliance concerns, or increase value or otherwise prove to be advantageous to Federated Hermes. On the other hand, successful collaboration with, or integration or consolidation of, acquired companies, other businesses, or assets can increase the value of such acquired companies, businesses or assets and result in increased contingent deferred payments or other payment obligations for Federated Hermes, which can affect Federated Hermes' Financial Condition.

**Potential Adverse Effects of Reputational Harm.** Like other companies, any material losses in customer or shareholder confidence in Federated Hermes, or its offerings, or in the investment management industry as a result of actual or potential regulatory proceedings or litigation, economic or market downturns or disruptions, material errors in public news reports, political or other views for or against governance, environmental or social investing or integration, oppositions to trademark or other intellectual property registration applications or allegations of trade name, trademark or other intellectual property infringement or misappropriation, allegations of breaches of fiduciary duty, actual or perceived misconduct or unprofessional, unethical or illegal behavior, improper corporate actions, poor communications with investors or the public via social media or otherwise, abuse of authority, a cyber incident, rumors or inaccurate information being posted on the internet or social media, failure to achieve carbon neutrality, climate change or other public commitments or pledges, failure to implement or accurately disclose governance, environmental or social strategies or initiatives, controversial tenants in real estate owned or managed by Federated Hermes, fraudulent or fake websites or domain names using Federated Hermes' or a subsidiary's name, logo or address, or similar names, logos or addresses, misleading or unfavorable research or reports published by securities or industry analysts about Federated Hermes or its business prospects or other matters can negatively impact Federated Hermes' brand, culture, trusted status, reputation and/or stock price, increase redemptions from and/or reduce sales of Federated Hermes' offerings (such as the Federated Hermes Funds) and/or change employee or potential employee perceptions of the company which can impact the willingness of a potential employee to be hired by, or an employee to remain at, Federated Hermes. If such losses or events were to occur, it can have a material adverse effect on Federated Hermes' Financial Condition. With increased focus on sustainability (including governance, environmental or social matters), any perceived deficiency in Federated Hermes' policies and practices on, or political or other public backlash against, these matters can impact Federated Hermes' brand, reputation or stock price, as well as investor preference for Federated Hermes' securities and offerings, and, accordingly, adversely affect, potentially in a material way, Federated Hermes' Financial Condition.

**Potential Adverse Effects of Unpredictable Events or Consequences.** Like other companies, unpredictable events, such as a natural disaster, unforeseen risks associated with the coronavirus pandemic or a new pandemic, war, or military escalation (such as Russia's invasion of Ukraine or the Israel-Hamas war), terrorist attack or other business continuity event, unexpected market, or economic developments, such as changes in interest rates, or political developments, including shifts in governmental support for renewable energy or changes in permitting, planning or consenting regimes, or extreme weather, droughts, storms, climate, or other similar governance, environmental or social changes (particularly in the case of portfolio companies in which Federated Hermes' investment offerings are invested), or unpredictable consequences or side effects of certain known, unknown, planned, or unexpected events, can adversely impact Federated Hermes', its offerings', accounts', customers', shareholders' and portfolio companies' (in which Federated Hermes and its offerings are invested), and each of their respective service providers', ability to conduct business, as well as Federated Hermes' Financial Condition. Physical climate change risks arising from changing or adverse weather and climate change (particularly in the case of portfolio companies in which Federated Hermes' offerings are invested), and transition climate change risks arising as economies and markets transition to low carbon and other environments, also can have adverse impacts. Such unpredictable events or consequences can cause, among other effects, business disruptions, supply chain disruptions, disruptions in economic conditions, market disruptions or transformation, changes in management or governmental processes, changes in consumer demand and investor preferences, obsolescence of certain offerings affecting certain sectors, stranded assets across a range of assets, sectors or geographies, infrastructure and real estate destruction, abandonment or damage leading to increased refurbishment and repair costs, changes in technology, system interruption, loss of life, unavailability of personnel, increased insurance costs or an inability to insure certain assets, an inability to provide information or services, either at all or in accordance with applicable requirements, standards, or restrictions, and/or additional costs.

A failure in, or disruption to, Federated Hermes' operational systems or infrastructure, including business continuity plans, can adversely affect operations, damage Federated Hermes' reputation, and cause Federated Hermes AUM, revenue and earnings to decline. Hybrid work arrangements can stress business processes, such as due diligence of service providers, customer or shareholder onboarding, and controls, as well as increase cybersecurity, privacy and digital communications risks. The failure to maintain an infrastructure commensurate with the size and scope of Federated Hermes' business or offerings, or the occurrence of a business outage or event outside of Federated Hermes' control (particularly in locations where Federated

Hermes has offices), or the failure to keep business continuity plans up-to-date, or if such plans are improperly implemented or deployed during a disruption, can adversely impact Federated Hermes' ability to operate, which can cause its AUM, revenue and earnings to decline or impact Federated Hermes' ability to comply with regulatory obligations leading to reputational harm, regulatory fines, penalties and/or sanctions. Any such failure or disruption also can impact, potentially in a material way, Federated Hermes' Financial Condition. Management relies on its employees, systems, and business continuity plans, and those of relevant service providers, to seek to mitigate such risks, but there can be no guarantee that these mitigation efforts will be successful in whole or in part. There also can be times when industry databases or other third parties publish or distribute information regarding Federated Hermes, or its offerings (including Federated Hermes Fund asset levels), that might be inaccurate or incomplete.

There can be no assurance that unpredictable or unexpected events, reports or consequences, or the costs to address such events, reports, or consequences, would not have a material adverse effect on Federated Hermes' Financial Condition.

#### **ITEM 1B – UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 1C – CYBERSECURITY**

The operating systems of Federated Hermes, and its offerings, customers, shareholders and service providers are dependent on the effectiveness of information security policies and procedures (both at Federated Hermes and at third parties, such as its service providers) which seek to ensure that such systems are protected from cybersecurity incidents. Federated Hermes has established a robust cybersecurity program aimed at assessing, identifying and managing material risks from cybersecurity threats.

Federated Hermes' board of directors has ultimate oversight responsibility for cybersecurity risks and threats. Federated Hermes' Audit Committee assists its board of directors in monitoring cybersecurity risks and threats. Federated Hermes' board of directors and Audit Committee receive reports on cybersecurity matters on a periodic (generally quarterly) basis (and more frequently when circumstances warrant) as part of risk management oversight responsibilities. For instance, in 2025, Federated Hermes' Chief Information Officer (CIO) reported to Federated Hermes' board of directors one time and its Audit Committee three times regarding cybersecurity risks and threats. The Audit Committee also receives reports from Federated Hermes' internal auditors, legal counsel and other responsible officers regarding cybersecurity topics and trends. The Federated Hermes Chief Risk Officer (CRO) also reports directly to the Compliance Committee of Federated Hermes' board of directors on a quarterly basis and Federated Hermes' full board of directors as appropriate on significant enterprise risks, including cybersecurity risks.

Federated Hermes' Global Technology Organization (GTO), which is headed by Federated Hermes' CIO, has a dedicated Information Security Group (ISG) responsible for day-to-day oversight of the cybersecurity program. The ISG, which is headed by Federated Hermes' Chief Information Security Officer (CISO), coordinates cybersecurity activities with Federated Hermes' business functions (including FHL) and third-party service providers. Federated Hermes' Information Security and Data Governance Committee (ISDG) provides executive management oversight of the ISG and Federated Hermes' cybersecurity program. Federated Hermes' Chief Compliance Officer (CCO), CRO and General Counsel, as well as Federated Hermes' CIO, CISO, Chief Financial Officer, and other senior members of Federated Hermes' management, and the Global Head of Investment Technology at FHL, are members of, and Federated Hermes' Chief Audit Executive attends meetings of, the ISDG.

The ISDG's primary functions are to: (1) serve as a governing body to support Federated Hermes' cybersecurity, information security and data governance practices and efforts; (2) address cybersecurity and information security matters and data governance matters critical to Federated Hermes, including risks; (3) oversee written policies and procedures reasonably designed to (a) comply with applicable legal requirements, and (b) maintain appropriate cybersecurity, information security and data governance practices; (4) promote evaluation of Federated Hermes' strategies for cybersecurity, information security and data governance against industry practices and applicable regulatory requirements and guidance; and (5) serve as a liaison for discussions concerning cybersecurity, information security and data governance with various Federated Hermes committees or governing bodies, management, and Federated Hermes' board of directors. The ISDG receives updates quarterly on relevant cybersecurity and data governance matters, such as recent cybersecurity matters, phishing test results, cybersecurity training, GTO and ISG staffing, FHL's cybersecurity program, regulatory developments, and enterprise data governance and strategy.

Federated Hermes' Enterprise-Wide Risk Management Committee (ERC), which is chaired by Federated Hermes' CRO, oversees Federated Hermes' company-wide enterprise risk management program. The ERC includes department heads from

across Federated Hermes and implements the processes established to identify, report and monitor material risks facing the company, including cybersecurity risks.

Federated Hermes maintains a written cybersecurity program protocol, along with ancillary policies and procedures, which set forth the key features of the cybersecurity program. These policies and procedures strive to reflect what Federated Hermes believes are best practices for assessing, identifying and managing cybersecurity risks and are reviewed and updated on a regular basis.

Under Federated Hermes' cybersecurity program, Federated Hermes conducts regular threat identification and assessment exercises. Some of these exercises involve the use of third-party cybersecurity experts, who assist with, among other things, system penetration testing and system design. Information gained from such exercises is used to develop and refine protective and detective strategies and tactics. Federated Hermes' information systems and assets are also monitored to identify cybersecurity incidents and verify the effectiveness of existing protective measures. New protective measures are deployed from time to time as threats evolve. Some of the measures employed by Federated Hermes to mitigate cybersecurity risk include, among others, use of firewalls, system segmentation, system monitoring, virus scanning, and periodic penetration and phishing testing. Federated Hermes' cybersecurity program also includes a detailed incident response plan for responding to cybersecurity threats. Federated Hermes' cybersecurity program also requires periodic training of employees on cybersecurity threats, including phishing and cybersecurity awareness campaigns.

Federated Hermes' third-party service providers are a potential source of cybersecurity threats. Among other service provider management efforts, Federated Hermes conducts due diligence on key service providers relating to cybersecurity. Due diligence consists of reviewing several key data points regarding service providers. These include, but are not limited to, the business processes the service provider will provide, the sensitivity of the data they will store, process, transmit or access, and network connectivity with the service provider. Using this criteria, Federated Hermes will categorize the service provider into a tiered structure. The tiering defines the requirements for conducting the initial and ongoing due diligence.

Federated Hermes' CIO has more than 30 years of technology experience. Prior to assuming his current role in 2016, Federated Hermes' CIO served in senior technology roles with a large U.S. financial institution for over a decade where he, among other things, served as chief information officer for the asset management and investments businesses and gained deep experience managing cybersecurity risks and threats. He holds a Bachelor of Science (BS) in Electrical Engineering from the University of Pittsburgh, a Master of Science (MS) in Engineering from Youngstown State University, and a Master of Business Administration (MBA) from Carnegie Mellon University.

Federated Hermes' CISO has more than 20 years of technology experience, including deep experience in cybersecurity risk management. Prior to assuming his current role in 2020, Federated Hermes' CISO served as information security officer and director of technology for a large publicly traded travel center company and, prior to that, as information security officer for a leading retail chain. He holds a BS in Accounting and Finance and an MBA from Robert Morris University.

As of December 31, 2025, cybersecurity incidents and threats have not had a material adverse effect on Federated Hermes' Financial Condition. See Item 1A – Risk Factors – General Risk Factors – Operations-Related Risks – Systems, Technology and Cybersecurity Risks for additional information regarding the cybersecurity risks to Federated Hermes' business, offerings, customers, shareholders and service providers.

## **ITEM 2 – PROPERTIES**

Federated Hermes has material operating leases related to its corporate headquarters where it occupies approximately 259,000 square feet in Pittsburgh, Pennsylvania. Federated Hermes' leased office space is used for its investment management business.

## **ITEM 3 – LEGAL PROCEEDINGS**

The information required by this item is included in Note (20) to the Consolidated Financial Statements.

## **ITEM 4 – MINE SAFETY DISCLOSURES**

Not applicable.

## Part II

### ITEM 5 – MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Federated Hermes’ Class B common stock is traded on the NYSE under the symbol FHI.

The approximate number of beneficial shareholders of Class A and Class B common stock as of February 10, 2026, was 1 and 54,111, respectively. See Item 1A – Risk Factors – Specific Risk Factors – Risk Related to Federated Hermes’ Common Stock and Corporate Structure – Common Stock and Status as a Controlled Company for additional information on its Class A common stock.

The following table summarizes stock repurchases under Federated Hermes’ share repurchase programs during the fourth quarter 2025.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>1</sup>	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>1</sup>
October <sup>2</sup>	4,479	\$ 2.55	0	6,144,315
November <sup>2</sup>	616,572	48.70	612,693	5,531,622
December <sup>2</sup>	945,850	51.42	935,000	4,596,622
Total	1,566,901	\$ 50.21	1,547,693	4,596,622

<sup>1</sup> In October 2024, the board of directors authorized a share repurchase program with no stated expiration date that allowed the repurchase of up to 5.0 million shares of Class B common stock. This program was fulfilled in December 2025. In July 2025, the board of directors authorized an additional share repurchase program with no stated expiration date that allows the repurchase of up to 5.0 million shares of Class B common stock. No other program existed as of December 31, 2025. See Note (14) to the Consolidated Financial Statements for additional information.

<sup>2</sup> In October, November and December 2025, 4,479, 3,879 and 10,850 shares, respectively, of Class B common stock with a weighted-average price of \$2.55, \$0.00 and \$2.40 per share, respectively, were repurchased as a result of employee-forfeited restricted stock.

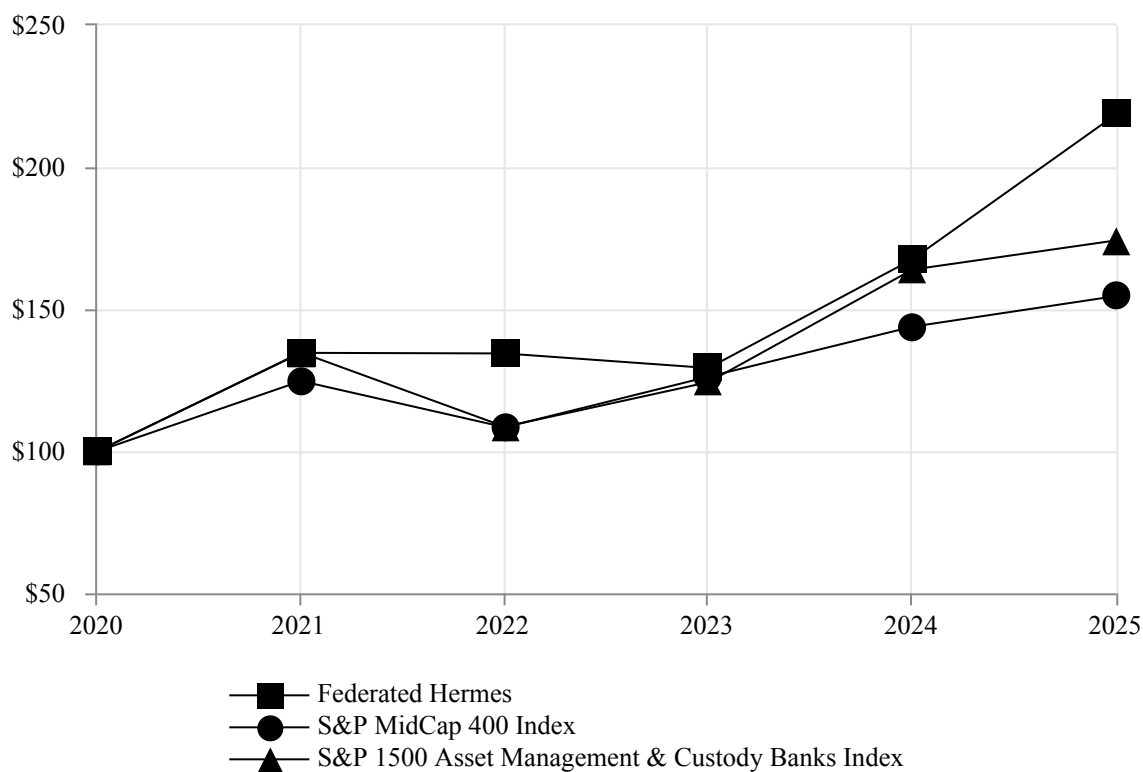
See Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information on Federated Hermes’ securities authorized for issuance under equity compensation plans.

## Stock Performance Graph

The following performance graph compares the total shareholder return of an investment in Federated Hermes' Class B common stock to that of the Standard and Poor's MidCap 400® Index (S&P MidCap 400 Index) and to the S&P 1500 Asset Management & Custody Banks Index for the five-year period ended on December 31, 2025.

The graph assumes that the value of the investment in Federated Hermes' Class B common stock and each index was \$100 on December 31, 2020. Total return includes reinvestment of all dividends. As a member of the S&P MidCap 400 Index as of December 31, 2025, Federated Hermes is required to include this comparison. The historical information set forth below is not necessarily indicative of future performance. Federated Hermes does not make or endorse any predictions as to future stock performance.

### Comparison of Cumulative Five Year Total Return



	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
Federated Hermes	\$ 134.68	\$ 134.47	\$ 129.34	\$ 167.63	\$ 218.68
S&P MidCap 400 Index	\$ 124.76	\$ 108.47	\$ 126.29	\$ 143.89	\$ 154.68
S&P 1500 Asset Management & Custody Banks Index	\$ 134.82	\$ 108.66	\$ 124.38	\$ 164.00	\$ 174.28

ITEM 6 – [RESERVED]

## ITEM 7 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 1- Business, Item 1A – Risk Factors and Item 8 – Financial Statements and Supplementary Data.

### General

Federated Hermes is a global leader in active investing with \$902.6 billion in managed assets as of December 31, 2025. The majority of Federated Hermes’ revenue is derived from advising Federated Hermes Funds and Separate Accounts in domestic and international public and private markets. Federated Hermes also derives revenue from providing administrative and other fund-related services (including distribution and shareholder servicing) as well as stewardship, real estate development and renewable energy project development services. For additional information on Federated Hermes’ markets, see Item 1 – Business – Distribution Channels and Product Markets.

Investment advisory fees, administrative service fees and certain fees for other services, such as distribution and shareholder service fees, are contract-based and are generally calculated as a percentage of the average net assets of managed investment portfolios. Federated Hermes’ revenue is primarily dependent upon factors that affect the value of managed/serviced assets, including market conditions and the ability to attract and retain assets. Generally, managed assets in Federated Hermes’ public market investment products and strategies (together with other offered services, as applicable, offerings) can be redeemed or withdrawn at any time with no advance notice requirement, while managed assets in Federated Hermes’ private market investment offerings are subject to restrictions on withdrawals. Fee rates for Federated Hermes’ services generally vary by asset and service type and can vary based on changes in asset levels. Generally, advisory fees charged for services provided to multi-asset and equity offerings are higher than advisory fees charged to alternative/private markets and fixed-income offerings, which in turn are higher than advisory fees charged to money market offerings. Likewise, Federated Hermes Funds typically have higher advisory fees than Separate Accounts. Similarly, revenue is also dependent upon the relative composition of average AUM across both asset and offering types. Federated Hermes can implement fee waivers, rebates or expense reimbursements for competitive reasons such as to maintain positive or zero net yields (Voluntary Yield-related Fee Waivers), to maintain certain fund expense ratios, to meet regulatory requirements or to meet contractual requirements (collectively, Fee Waivers). Since Federated Hermes’ public market offerings are largely distributed and serviced through financial intermediary customers, Federated Hermes makes payments, out of its reasonable profits and other resources, to the financial intermediary customers that sell these offerings. These payments are generally calculated as a percentage of net assets attributable to the applicable financial intermediary and represent the vast majority of Distribution expense on the Consolidated Statements of Income. Certain components of Distribution expense can vary depending upon the asset type, distribution channel and/or the size of the customer relationship. Federated Hermes generally pays out a larger portion of the revenue earned from managed assets in money market, multi-asset, and fixed-income funds than the revenue earned from managed assets in equity and alternative/private markets funds.

Federated Hermes’ most significant operating expenses are Compensation and Related expense and Distribution expense. Compensation and Related expense includes base salary and wages, incentive compensation and other employee expenses, including payroll taxes and benefits. Incentive compensation, which includes share-based compensation, can vary depending on various factors including, but not limited to, the overall results of operations of Federated Hermes, investment management performance and sales performance.

The discussion and analysis of Federated Hermes’ financial condition and results of operations are based on Federated Hermes’ Consolidated Financial Statements. Federated Hermes operates in one operating segment, the investment management business. Management analyzes all expected revenue and expenses and considers market demands in determining an overall fee structure for services provided and in evaluating the addition of new business. Federated Hermes’ growth and profitability are dependent upon its ability to attract and retain AUM and upon the profitability of those assets, which is impacted, in part, by Fee Waivers. Fees for mutual fund-related services are ultimately subject to the approval of the independent directors or trustees of the mutual funds and, as required by law, fund shareholders. Management believes that meaningful indicators of Federated Hermes’ financial performance include AUM, gross and net offering sales, total revenue and net income, both in total and per diluted share.

## **Business Developments**

### **Business Combination**

On April 7, 2025, FHL acquired a majority (60%) equity interest in Rivington Energy Management Limited (Rivington), a U.K.-based renewable energy project development business. See Note (3) to the Consolidated Financial Statements for additional information.

On October 23, 2025, Federated Hermes entered into an agreement to acquire a majority (80%) interest in FCP Fund Manager, L.P. (FCP), a U.S.-based real estate investment manager. The transaction is expected to be completed in the second quarter 2026. See Note (3) to the Consolidated Financial Statements for additional information.

### **Current Regulatory Environment**

With Federated Hermes' global operations, Federated Hermes, and certain of its subsidiaries and offerings (such as the Federated Hermes Funds), are registered with or licensed by, and subject to examination by, various U.S. and/or non-U.S. regulators, self-regulatory agencies or exchanges, such as, among others, the SEC, FINRA, CFTC, DOL, NYSE, FCA, CBI, CIMA, Monetary Authority of Singapore, ASIC and CSSF.

Federated Hermes' business and offerings are subject to various U.S. and/or non-U.S. laws, regulations, rules, codes, notices, directives, guidelines, listing standards, judicial decisions, orders, circulars and/or conditions. See Item 1 – Business – Regulatory Matters and Item 1A – Risk Factors – General Risk Factors – Regulatory and Legal Risks – Potential Adverse Effects of Changes in Laws, Regulations and Other Regulatory Requirements for additional information.

## Asset Highlights

### Managed Assets at Period End

<i>in millions as of December 31,</i>	2025	2024	2025 vs. 2024
<b>By Asset Class</b>			
Equity	\$ 97,898	\$ 79,423	23 %
Fixed-Income	100,127	98,059	2
Alternative / Private Markets	19,101	18,864	1
Multi-Asset	2,854	2,883	(1)
Total Long-Term Assets	219,980	199,229	10
Money Market	682,604	630,349	8
Total Managed Assets	\$ 902,584	\$ 829,578	9 %
<b>By Offering Type</b>			
<b>Funds:</b>			
Equity	\$ 54,988	\$ 43,752	26 %
Fixed-Income	45,973	45,550	1
Alternative / Private Markets	12,085	11,501	5
Multi-Asset	2,850	2,764	3
Total Long-Term Assets	115,896	103,567	12
Money Market	508,403	461,720	10
Total Fund Assets	624,299	565,287	10
<b>Separate Accounts:</b>			
Equity	42,910	35,671	20
Fixed-Income	54,154	52,509	3
Alternative / Private Markets	7,016	7,363	(5)
Multi-Asset	4	119	(97)
Total Long-Term Assets	104,084	95,662	9
Money Market	174,201	168,629	3
Total Separate Account Assets	278,285	264,291	5
Total Managed Assets	\$ 902,584	\$ 829,578	9 %

## Average Managed Assets

<i>in millions for the years ended December 31,</i>	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
<b>By Asset Class</b>					
Equity	\$ 88,627	\$ 79,893	\$ 81,348	11 %	(2)%
Fixed-Income	99,446	96,773	89,079	3	9
Alternative / Private Markets	19,474	20,250	21,096	(4)	(4)
Multi-Asset	2,853	2,902	2,887	(2)	1
Total Long-Term Assets	210,400	199,818	194,410	5	3
Money Market	643,025	588,653	511,568	9	15
Total Average Managed Assets	\$ 853,425	\$ 788,471	\$ 705,978	8 %	12 %
<b>By Offering Type</b>					
<b>Funds:</b>					
Equity	\$ 49,538	\$ 43,380	\$ 43,314	14 %	0 %
Fixed-Income	45,636	44,600	43,482	2	3
Alternative / Private Markets	12,049	12,292	12,999	(2)	(5)
Multi-Asset	2,758	2,766	2,749	0	1
Total Long-Term Assets	109,981	103,038	102,544	7	0
Money Market	475,501	429,273	365,500	11	17
Total Average Fund Assets	585,482	532,311	468,044	10	14
<b>Separate Accounts:</b>					
Equity <sup>1</sup>	39,089	36,513	38,034	7	(4)
Fixed-Income	53,810	52,173	45,597	3	14
Alternative / Private Markets	7,425	7,958	8,097	(7)	(2)
Multi-Asset <sup>1</sup>	95	136	138	(30)	(1)
Total Long-Term Assets	100,419	96,780	91,866	4	5
Money Market	167,524	159,380	146,068	5	9
Total Average Separate Account Assets	267,943	256,160	237,934	5	8
Total Average Managed Assets	\$ 853,425	\$ 788,471	\$ 705,978	8 %	12 %

1) A Separate Account was reclassified from Multi-Asset to Equity effective October 1, 2025.

## Changes in Equity Fund and Separate Account Assets

in millions for the years ended December 31,

	2025	2024
<b>Equity Funds</b>		
Beginning Assets	\$ 43,752	\$ 42,513
Sales	19,937	10,220
Redemptions	(16,502)	(13,979)
Net Sales (Redemptions)	3,435	(3,759)
Net Exchanges	63	(29)
Impact of Foreign Exchange <sup>1</sup>	833	(453)
Market Gains and (Losses) <sup>2</sup>	6,905	5,480
Ending Assets	\$ 54,988	\$ 43,752
<b>Equity Separate Accounts</b>		
Beginning Assets	\$ 35,671	\$ 36,778
Sales <sup>3</sup>	11,230	5,981
Redemptions <sup>3</sup>	(10,077)	(12,877)
Net Sales (Redemptions) <sup>3</sup>	1,153	(6,896)
Net Exchanges	116	0
Impact of Foreign Exchange <sup>1</sup>	966	(690)
Market Gains and (Losses) <sup>2</sup>	5,004	6,479
Ending Assets	\$ 42,910	\$ 35,671
<b>Total Equity</b>		
Beginning Assets	\$ 79,423	\$ 79,291
Sales <sup>3</sup>	31,167	16,201
Redemptions <sup>3</sup>	(26,579)	(26,856)
Net Sales (Redemptions) <sup>3</sup>	4,588	(10,655)
Net Exchanges	179	(29)
Impact of Foreign Exchange <sup>1</sup>	1,799	(1,143)
Market Gains and (Losses) <sup>2</sup>	11,909	11,959
Ending Assets	\$ 97,898	\$ 79,423

<sup>1</sup> Reflects the impact of translating non-USD denominated AUM into USD for reporting purposes.

<sup>2</sup> Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

<sup>3</sup> For Separate Accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

## Changes in Fixed-Income Fund and Separate Account Assets

<i>in millions for the years ended December 31,</i>	<b>2025</b>	2024
<b>Fixed-Income Funds</b>		
Beginning Assets	\$ 45,550	\$ 43,908
Sales	14,289	15,307
Redemptions	(16,633)	(14,760)
Net Sales (Redemptions)	(2,344)	547
Net Exchanges	(9)	(145)
Impact of Foreign Exchange <sup>1</sup>	158	(68)
Market Gains and (Losses) <sup>2</sup>	2,618	1,308
Ending Assets	\$ 45,973	\$ 45,550
<b>Fixed-Income Separate Accounts</b>		
Beginning Assets	\$ 52,509	\$ 51,012
Sales <sup>3</sup>	10,358	10,283
Redemptions <sup>3</sup>	(11,881)	(10,621)
Net Sales (Redemptions) <sup>3</sup>	(1,523)	(338)
Net Exchanges	(4)	(18)
Impact of Foreign Exchange <sup>1</sup>	119	(73)
Market Gains and (Losses) <sup>2</sup>	3,053	1,926
Ending Assets	\$ 54,154	\$ 52,509
<b>Total Fixed-Income</b>		
Beginning Assets	\$ 98,059	\$ 94,920
Sales <sup>3</sup>	24,647	25,590
Redemptions <sup>3</sup>	(28,514)	(25,381)
Net Sales (Redemptions) <sup>3</sup>	(3,867)	209
Net Exchanges	(13)	(163)
Impact of Foreign Exchange <sup>1</sup>	277	(141)
Market Gains and (Losses) <sup>2</sup>	5,671	3,234
Ending Assets	\$ 100,127	\$ 98,059

<sup>1</sup> Reflects the impact of translating non-USD denominated AUM into USD for reporting purposes.

<sup>2</sup> Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

<sup>3</sup> For Separate Accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

## Changes in Alternative / Private Markets Fund and Separate Account Assets

in millions for the years ended December 31,

	2025	2024
<b>Alternative / Private Markets Funds</b>		
Beginning Assets	\$ 11,501	\$ 12,379
Sales	3,032	2,144
Redemptions	(3,577)	(3,478)
Net Sales (Redemptions)	(545)	(1,334)
Net Exchanges	0	187
Acquisitions/(Dispositions)	109	0
Impact of Foreign Exchange <sup>1</sup>	747	(216)
Market Gains and (Losses) <sup>2</sup>	273	485
Ending Assets	\$ 12,085	\$ 11,501
<b>Alternative / Private Markets Separate Accounts</b>		
Beginning Assets	\$ 7,363	\$ 8,172
Sales <sup>3</sup>	229	440
Redemptions <sup>3</sup>	(881)	(807)
Net Sales (Redemptions) <sup>3</sup>	(652)	(367)
Impact of Foreign Exchange <sup>1</sup>	570	(160)
Market Gains and (Losses) <sup>2</sup>	(265)	(282)
Ending Assets	\$ 7,016	\$ 7,363
<b>Total Alternative / Private Markets</b>		
Beginning Assets	\$ 18,864	\$ 20,551
Sales <sup>3</sup>	3,261	2,584
Redemptions <sup>3</sup>	(4,458)	(4,285)
Net Sales (Redemptions) <sup>3</sup>	(1,197)	(1,701)
Net Exchanges	0	187
Acquisitions/(Dispositions)	109	0
Impact of Foreign Exchange <sup>1</sup>	1,317	(376)
Market Gains and (Losses) <sup>2</sup>	8	203
Ending Assets	\$ 19,101	\$ 18,864

<sup>1</sup> Reflects the impact of translating non-USD denominated AUM into USD for reporting purposes.

<sup>2</sup> Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

<sup>3</sup> For Separate Accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

## Changes in Multi-Asset Fund and Separate Account Assets

<i>in millions for the years ended December 31,</i>	<b>2025</b>	2024
<b>Multi-Asset Funds</b>		
Beginning Assets	\$ 2,764	\$ 2,730
Sales	211	163
Redemptions	(401)	(396)
Net Sales (Redemptions)	(190)	(233)
Net Exchanges	(1)	13
Market Gains and (Losses) <sup>1</sup>	277	254
Ending Assets	\$ 2,850	\$ 2,764
<b>Multi-Asset Separate Accounts</b>		
Beginning Assets	\$ 119	\$ 137
Sales <sup>2</sup>	0	6
Redemptions <sup>2</sup>	(25)	(20)
Net Sales (Redemptions) <sup>2</sup>	(25)	(14)
Net Exchanges	(123)	0
Market Gains and (Losses) <sup>1</sup>	33	(4)
Ending Assets	\$ 4	\$ 119
<b>Total Multi-Asset</b>		
Beginning Assets	\$ 2,883	\$ 2,867
Sales <sup>2</sup>	211	169
Redemptions <sup>2</sup>	(426)	(416)
Net Sales (Redemptions) <sup>2</sup>	(215)	(247)
Net Exchanges	(124)	13
Market Gains and (Losses) <sup>1</sup>	310	250
Ending Assets	\$ 2,854	\$ 2,883

<sup>1</sup> Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

<sup>2</sup> For Separate Accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

## Changes in Total Long-Term Fund and Separate Account Assets

<i>in millions for the years ended December 31,</i>	2025	2024
<b>Total Long-Term Funds</b>		
Beginning Assets	\$ 103,567	\$ 101,530
Sales	37,469	27,834
Redemptions	(37,113)	(32,613)
Net Sales (Redemptions)	356	(4,779)
Net Exchanges	53	26
Acquisitions/(Dispositions)	109	0
Impact of Foreign Exchange <sup>1</sup>	1,738	(737)
Market Gains and (Losses) <sup>2</sup>	10,073	7,527
Ending Assets	\$ 115,896	\$ 103,567
<b>Total Long-Term Separate Accounts</b>		
Beginning Assets	\$ 95,662	\$ 96,099
Sales <sup>3</sup>	21,817	16,710
Redemptions <sup>3</sup>	(22,864)	(24,325)
Net Sales (Redemptions) <sup>3</sup>	(1,047)	(7,615)
Net Exchanges	(11)	(18)
Impact of Foreign Exchange <sup>1</sup>	1,655	(923)
Market Gains and (Losses) <sup>2</sup>	7,825	8,119
Ending Assets	\$ 104,084	\$ 95,662
<b>Total Long-Term</b>		
Beginning Assets	\$ 199,229	\$ 197,629
Sales <sup>3</sup>	59,286	44,544
Redemptions <sup>3</sup>	(59,977)	(56,938)
Net Sales (Redemptions) <sup>3</sup>	(691)	(12,394)
Net Exchanges	42	8
Acquisitions/(Dispositions)	109	0
Impact of Foreign Exchange <sup>1</sup>	3,393	(1,660)
Market Gains and (Losses) <sup>2</sup>	17,898	15,646
Ending Assets	\$ 219,980	\$ 199,229

1 Reflects the impact of translating non-USD denominated AUM into USD for reporting purposes.

2 Reflects the approximate changes in the fair value of the securities held by the portfolios and, to a lesser extent, reinvested dividends, distributions and net investment income.

3 For Separate Accounts, Sales and Redemptions are calculated as the remaining difference between beginning and ending assets after the calculation of total investment return.

Changes in Federated Hermes' average asset mix year-over-year across both asset classes and offering types have a direct impact on Federated Hermes' operating income. Asset mix impacts Federated Hermes' total revenue due to the difference in the fee rates earned on each asset class and offering type per invested dollar and certain components of distribution expense can vary depending upon the asset class, distribution channel and/or the size of the customer relationship. The following table presents the relative composition of average managed assets and the percent of total revenue derived from each asset class and offering type for the last three years:

	Percent of Total Average Managed Assets			Percent of Total Revenue		
	2025	2024	2023	2025	2024	2023
<b>By Asset Class</b>						
Money Market	75 %	75 %	72 %	53 %	51 %	47 %
Equity	11 %	10 %	12 %	28 %	29 %	30 %
Fixed-Income	12 %	12 %	13 %	11 %	12 %	12 %
Alternative / Private Markets	2 %	3 %	3 %	5 %	6 %	9 %
Multi-Asset	0 %	0 %	0 %	1 %	1 %	1 %
Other	—	—	—	2 %	1 %	1 %
<b>By Offering Type</b>						
<b>Funds:</b>						
Money Market	56 %	55 %	52 %	50 %	48 %	44 %
Equity	6 %	5 %	6 %	22 %	22 %	23 %
Fixed-Income	6 %	6 %	6 %	8 %	9 %	9 %
Alternative / Private Markets	1 %	2 %	2 %	3 %	4 %	7 %
Multi-Asset	0 %	0 %	0 %	1 %	1 %	1 %
<b>Separate Accounts:</b>						
Money Market	19 %	20 %	20 %	3 %	3 %	3 %
Equity	5 %	5 %	6 %	6 %	7 %	7 %
Fixed-Income	6 %	6 %	7 %	3 %	3 %	3 %
Alternative / Private Markets	1 %	1 %	1 %	2 %	2 %	2 %
Multi-Asset	0 %	0 %	0 %	0 %	0 %	0 %
Other	—	—	—	2 %	1 %	1 %

Total managed assets represent the total AUM at a point in time, while total average managed assets represent the average balance of AUM during a period of time. Because substantially all revenue and certain components of distribution expense are generally calculated daily based on AUM, changes in average managed assets are typically a key indicator of changes in revenue earned and asset-based expenses incurred during the same period.

Average managed assets increased 8% for 2025 as compared to 2024. Period-end managed assets increased 9% at December 31, 2025 as compared to December 31, 2024, primarily from an increase in money market and equity assets. Total average money market assets increased 9% for 2025 compared to 2024. Period-end money market assets increased 8% at December 31, 2025 as compared to December 31, 2024. The Federal Reserve implemented a series of three rate cuts, starting in September 2025, landing at a range of 3.5% to 3.75% by December 2025, and U.S. money market funds reached a record high at \$8.2 trillion. Money market funds continued to offer a yield advantage compared to some securities in the direct market, especially overnight securities and those with floating rates, which trace the Federal Reserve moves immediately. Average equity assets increased 11% for 2025 as compared to 2024. Period-end equity assets increased 23% at December 31, 2025 as compared to December 31, 2024 primarily due to market appreciation and, to a lesser extent, net sales. The S&P 500 finished the year up more than 16%, as tech stocks continued to drive returns, although market breadth improved late in the year. Average fixed-income assets increased 3% for 2025 as compared to 2024. Period-end fixed-income assets increased 2% at December 31, 2025 as compared to December 31, 2024 primarily due to market appreciation, partially offset by net redemptions. Overall, fixed-income markets delivered solid performance in 2025, with most fixed-income asset classes offering gains. Throughout the year, yields on the 10-Year Treasury note traded in a range between a low of 3.97% and a high of 4.79%, closing the year at 4.18%, slightly lower than the year-end 2024 level. Average alternative/private markets assets decreased 4% for 2025 as compared to 2024. Period-end alternative/private markets assets increased 1% at December 31, 2025 as compared to December 31, 2024 primarily due to fluctuations in foreign currency exchange rates, partially offset by net redemptions.

For an explanation of the changes in managed assets at December 31, 2024 compared to December 31, 2023 and changes in average managed assets for 2024 as compared to 2023, see Federated Hermes' Annual Report on Form 10-K for the year ended

December 31, 2024, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Asset Highlights.

## Results of Operations

For an explanation of changes for 2024 as compared to 2023, see Federated Hermes’ Annual Report on Form 10-K for the year ended December 31, 2024, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations.

**Revenue.** Revenue increased \$168.6 million in 2025 as compared to 2024 primarily due to (1) increases in money market and equity revenue of \$106.5 million and \$36.0 million, respectively, primarily related to higher average assets (2) an increase in performance fees of \$7.9 million and (3) an increase in real estate development fees of \$7.8 million.

Federated Hermes’ ratio of revenue to average managed assets was 0.21% and 0.20% for 2025 and 2024, respectively. The increase in the rate was primarily due to the change in the mix of asset classes of money market assets in 2025 as compared to 2024.

**Operating Expenses.** Total operating expenses for 2025 increased \$16.2 million compared to 2024. Distribution expense increased \$52.1 million primarily related to higher average money market fund assets. Compensation and Related expense increased \$37.2 million primarily due to higher incentive compensation and merit increases. Systems and Communications expense increased \$5.9 million primarily due to increased technology initiatives. Intangible Asset Related expense decreased \$65.6 million primarily due to the \$66.3 million impairment of an indefinite-lived intangible asset in 2024 associated with the 2018 acquisition of FHL (see Note (9) to the Consolidated Financial Statements for additional information). Other expense decreased \$16.1 million primarily due to a value added tax (VAT) refund received in 2025 related to amended VAT filings in the U.K. (\$12.9 million) and fluctuations in foreign currency exchange rates (\$10.2 million).

**Nonoperating Income (Expenses).** Nonoperating Income (Expenses), net increased \$13.5 million in 2025 as compared to 2024. The increase is primarily due to a \$14.5 million increase in Gain (Loss) on Securities, net due to a larger increase in the market value of investments in 2025 as compared to the increase in the market value of investments in 2024.

**Income Taxes.** The income tax provision for 2025 and 2024 was \$133.4 million and \$113.2 million, respectively. The provision for 2025 increased \$20.2 million as compared to 2024 primarily due to an increase in U.S. income tax resulting from increased U.S. pre-tax income. The effective tax rate was 24.4% for 2025 and 29.7% for 2024. The decrease in the effective tax rate was primarily due to the impact in 2024 of a valuation allowance on foreign deferred tax assets and the impairment of an indefinite-lived intangible asset. See Note (15) to the Consolidated Financial Statements for additional information on the effective tax rate, as well as other tax disclosures.

Pillar Two legislation has been enacted in certain jurisdictions in which Federated Hermes operates. The legislation was effective for the year beginning January 1, 2024. Federated Hermes is in scope of the enacted legislation and has performed an assessment of its potential exposure to Pillar Two income taxes based on the most recent tax filings, country-by-country report and financial statements for the constituent entities of Federated Hermes. Based on the assessment, for fiscal years 2025 and 2024 Federated Hermes expects to be able to rely on the transitional safe harbor for each of the jurisdictions in which it operates. As a result, Federated Hermes does not expect a material exposure to Pillar Two income taxes in those jurisdictions. This assessment will continue to be monitored and updated as additional guidance and/or legislation is released.

**Net Income Attributable to Federated Hermes, Inc.** Net income increased \$135.0 million in 2025 as compared to 2024 primarily as a result of the changes in revenue, operating expenses, nonoperating income (expenses) and income taxes noted above. Diluted earnings per share for 2025 increased \$1.90 as compared to 2024 primarily due to increased net income (\$1.63) and, to a lesser extent, by a decrease in shares outstanding resulting from share repurchases (\$0.27).

## Liquidity and Capital Resources

**Liquid Assets.** At December 31, 2025, liquid assets, net of noncontrolling interests, consisting of cash and cash equivalents, investments and receivables, totaled \$769.4 million as compared to \$694.1 million at December 31, 2024. The change in liquid assets is discussed below.

At December 31, 2025, Federated Hermes' liquid assets included investments in certain money market and fluctuating-value Federated Hermes Funds that may have direct and/or indirect exposures to international sovereign debt and currency risks. Federated Hermes continues to actively monitor its investment portfolios to manage sovereign debt and currency risks with respect to certain European countries, China and certain other countries subject to economic sanctions. Federated Hermes' experienced portfolio managers and analysts work to evaluate credit risk through quantitative and fundamental analysis. Further, regarding international exposure, certain money market funds (representing approximately \$558 million in AUM) that meet the requirements of Rule 2a-7 under the 1940 Act (Rule 2a-7) or operate in accordance with requirements similar to those in Rule 2a-7, include holdings with indirect short-term exposures invested primarily in high-quality international bank names that are subject to Federated Hermes' credit analysis process.

**Cash Provided by Operating Activities.** Net cash provided by operating activities totaled \$297.3 million for 2025 as compared to \$346.6 million for 2024. The decrease of \$49.3 million was primarily due to (1) a net increase of \$117.5 million in cash paid for trading securities for 2025 as compared to 2024, (2) an increase in cash paid related to the \$52.1 million increase in Distribution expense previously discussed and (3) an increase of \$17.7 million in cash paid for incentive compensation for 2025 as compared to 2024. These increases in cash paid were partially offset by an increase in cash received related to the \$168.6 million increase in revenue previously discussed.

**Cash Provided by Investing Activities.** In 2025, net cash provided by investing activities was \$2.0 million which primarily represented \$42.2 million in cash received from redemptions of Investments—Affiliates and Other, partially offset by (1) \$18.7 million paid for purchases of Investments—Affiliates and Other, (2) cash paid for the Rivington acquisition, net of cash acquired (\$12.8 million) and (3) cash deposits made on a fixed asset to be acquired in 2026 (\$6.0 million).

**Cash Used by Financing Activities.** In 2025, net cash used by financing activities was \$237.9 million. Of this amount, Federated Hermes paid (1) \$262.8 million to repurchase shares of Class B common stock primarily in connection with its stock repurchase programs (see Note (14) to the Consolidated Financial Statements for additional information), (2) \$104.9 million or \$1.33 per share in dividends to holders of its common shares and (3) \$35.4 million of distributions to noncontrolling interests in subsidiaries. This activity was partially offset by \$163.9 million of contributions from noncontrolling interests in subsidiaries.

**Borrowings.** On March 17, 2022, Federated Hermes entered into a Note Purchase Agreement (Note Purchase Agreement) by and among Federated Hermes and the purchasers of certain unsecured senior notes in the aggregate amount of \$350 million (\$350 million Notes), at a fixed interest rate of 3.29% per annum, payable semiannually in arrears in March and September in each year of the agreement. The entire principal amount of the \$350 million Notes will become due March 17, 2032. Citigroup Global Markets Inc. and PNC Capital Markets LLC acted as lead placement agents in relation to the \$350 million Notes and certain subsidiaries of Federated Hermes are guarantors of the obligations owed under the Note Purchase Agreement. As of December 31, 2025, the outstanding balance of the \$350 million Notes was \$348.4 million, net of unamortized issuance costs in the amount of \$1.6 million, and was recorded in Long-Term Debt on the Consolidated Balance Sheets. The proceeds were or will be used to supplement cash flow from operations, to fund share repurchases and potential acquisitions, to pay down outstanding debt and for other general corporate purposes. See Note (11) to the Consolidated Financial Statements for additional information on the Note Purchase Agreement.

On July 30, 2021, Federated Hermes entered into an unsecured Fourth Amended and Restated Credit Agreement by and among Federated Hermes, certain of its subsidiaries as guarantors party thereto, a syndicate of eleven banks as Lenders party thereto, PNC Bank, National Association as administrative agent, PNC Capital Markets LLC, as sole bookrunner and joint lead arranger, Citigroup Global Markets, Inc., as joint lead arranger, Citibank, N.A. as syndication agent, and Toronto-Dominion Bank, New York Branch as documentation agent (Credit Agreement). The Credit Agreement consists of a \$350 million revolving credit facility with an additional \$200 million available via an optional increase (or accordion) feature. Borrowings under the Credit Agreement may be used for general corporate purposes including cash payments related to acquisitions, dividends, investments and share repurchases. As of December 31, 2025, Federated Hermes had \$350 million available to borrow under the Credit Agreement. See Note (11) to the Consolidated Financial Statements for additional information.

Both the Note Purchase Agreement and Credit Agreement include an interest coverage ratio covenant (consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated interest expense) and a leverage ratio covenant (consolidated debt to consolidated EBITDA) as well as other customary terms and conditions. Federated Hermes was in

compliance with all of its covenants, including its interest coverage and leverage ratios at and during the year ended December 31, 2025. An interest coverage ratio of at least 4 to 1 is required and, as of December 31, 2025, Federated Hermes' interest coverage ratio was 48 to 1. A leverage ratio of no more than 3 to 1 is required and, as of December 31, 2025, Federated Hermes' leverage ratio was 0.59 to 1.

Both the Note Purchase Agreement and the Credit Agreement have certain stated events of default and cross default provisions which would permit the lenders/counterparties to accelerate the repayment of debt outstanding if not cured within the applicable grace periods. The events of default generally include breaches of contract, failure to make required loan payments, insolvency, cessation of business, notice of lien or assessment and other proceedings, whether voluntary or involuntary, that would require the repayment of amounts borrowed.

**Dividends.** Cash dividends of \$104.9 million, \$184.8 million and \$98.1 million were paid in 2025, 2024 and 2023, respectively, to holders of Federated Hermes common stock. Of the amount paid in 2024, \$84.2 million represented a \$1.00 per share special dividend. All dividends were considered ordinary dividends for tax purposes.

**Contractual Obligations.** As of December 31, 2025, Federated Hermes has material future cash requirements from contractual and other obligations relating primarily to long-term debt and operating lease obligations. Further discussion of the nature of each obligation is included below.

Long-Term Debt Obligations. The entire principal amount of the \$350 million Notes will become due March 17, 2032. The interest rate is fixed at 3.29% per annum, payable semiannually. See Note (11) to the Consolidated Financial Statements for additional information.

Operating Lease Obligations. See Note (17) to the Consolidated Financial Statements for information on Federated Hermes' operating lease obligations.

Purchase Obligations. Federated Hermes is a party to various contracts pursuant to which it receives certain services, including services for marketing and information technology, access to various fund-related information systems and research databases, trade order transmission and recovery services, planned capital expenditures as well as other services. These contracts contain certain minimum noncancelable payments, cancellation provisions and renewal terms. Costs for such services are expensed as incurred or capitalized in accordance with the applicable accounting guidance. As of December 31, 2025, Federated Hermes had purchase obligations of approximately \$73 million payable within 12 months and an additional \$105 million payable thereafter.

**Future Cash Needs.** In addition to the contractual obligations described above, management expects that principal uses of cash will include funding business acquisitions (including the FCP acquisition disclosed in Note (3)) and global expansion, funding distribution expenditures, paying incentive and base compensation, paying shareholder dividends, paying debt obligations, paying taxes, repurchasing company stock, developing and seeding new offerings, modifying existing offerings and relationships and maintaining regulatory liquidity and capital requirements. In addition, Federated Hermes expects to invest approximately \$300 million (including the allocation of approximately \$200 million in existing technology-related overhead, primarily the compensation expense of existing employees and an external spend of approximately \$100 million) over the next three years to support a number of planned technology-driven initiatives. Any number of factors may cause Federated Hermes' future cash needs to increase. As a result of the highly regulated nature of the investment management business, management anticipates that aggregate expenditures for compliance and investment management personnel, compliance systems and technology and related professional and consulting fees can continue to increase.

On January 29, 2026, the board of directors declared a \$0.34 per share dividend. The dividend was payable to shareholders of record as of February 6, 2026, resulting in \$25.9 million being paid on February 13, 2026.

After evaluating Federated Hermes' existing liquid assets, expected continuing cash flow from operations, its borrowing capacity under the Credit Agreement and its ability to obtain additional financing arrangements and issue debt or stock, management believes it will have sufficient liquidity to meet both its short-term and reasonably foreseeable long-term cash needs.

## Financial Position

The following discussion summarizes significant changes in assets and liabilities that are not discussed elsewhere in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Investments—Consolidated Investment Companies at December 31, 2025 increased \$3.1 million from December 31, 2024 primarily due to (1) an increase of \$22.4 million related to the consolidation of two variable interest entities (VIEs) in 2025, (2) an increase of \$13.8 million related to net purchases on existing consolidated products and (3) an increase of \$4.9 million due to foreign exchange rate fluctuations. These increases were partially offset by a decrease of \$38.2 million related to the deconsolidation of two VIEs in 2025.

Investments—Affiliates and Other at December 31, 2025 increased \$2.1 million from December 31, 2024 primarily due to an increase of \$11.6 million related to the deconsolidation of two VIEs which reclassified Federated Hermes' investments into Investments—Affiliates and Other and an increase of \$9.6 million in net appreciation on existing investments. These increases were partially offset by a decrease of \$20.3 million in net redemptions.

Receivables, net at December 31, 2025 decreased \$22.4 million from December 31, 2024 primarily due to (1) the reclassification of the \$15.9 million insurance reimbursement receivable (see Note (20) to the Consolidated Financial Statements for additional information) from short-term to long-term due to delays in the litigation and (2) the 2025 receipt of performance fees accrued at December 31, 2024 (\$6.8 million).

Other Long-Term Assets at December 31, 2025 increased \$20.9 million from December 31, 2024 primarily due to the reclassification of the \$15.9 million insurance reimbursement receivable noted above (see Note (20) to the Consolidated Financial Statements for additional information) from short-term to long-term due to delays in the litigation.

Accrued Compensation and Benefits at December 31, 2025 increased \$19.3 million from December 31, 2024 primarily due to the 2025 incentive compensation accruals recorded at December 31, 2025 (\$151.4 million), partially offset by 2024 accrued annual incentive compensation being paid in the first quarter 2025 (\$133.0 million).

## Variable Interest Entities

Federated Hermes is involved with various entities in the normal course of business that could be deemed to be VIEs. Federated Hermes determined that it was the primary beneficiary of certain Federated Hermes Fund VIEs and, as a result, consolidated the assets, liabilities and operations of these VIEs in its Consolidated Financial Statements. See Note (6) to the Consolidated Financial Statements for more information.

## Recent Accounting Pronouncements

For a complete list of new accounting standards applicable to Federated Hermes, see Note (2) to the Consolidated Financial Statements.

## Critical Accounting Policies

Federated Hermes' Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Management continually evaluates the accounting policies and estimates it uses to prepare the Consolidated Financial Statements. In general, management's estimates are based on historical experience, information from third-party professionals and various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results can differ from those estimates made by management and those differences can be material.

Of the significant accounting policies described in Note (1) to the Consolidated Financial Statements, management believes that indefinite-lived intangible assets included in its Goodwill and Intangible Assets policy involves a higher degree of judgment and complexity.

The process of determining the fair value of identifiable indefinite-lived intangible assets at the date of acquisition requires significant management estimates and judgment. If subsequent changes in these assumptions differ significantly from those used in the initial valuation, the indefinite-lived intangible asset amounts recorded in the financial statements could be subject to impairment. An impairment could have a material adverse effect on Federated Hermes' Financial Condition.

Indefinite-lived intangible assets are reviewed for impairment at the accounting unit level annually as of December 31, or when indicators of a potential impairment exist. Federated Hermes has combined certain indefinite-lived assets into three distinct units of accounting for impairment testing purposes. The factors considered in determining the asset grouping include, among others, the highest and best use of the assets and the inseparable nature of the cash flows. Such asset grouping determination is reconsidered annually and may change depending on the facts and circumstances. Federated Hermes' current indefinite-lived intangible assets' units of accounting are: (1) FHL right to manage public fund assets; (2) Hermes trade name; and (3) all other rights to manage fund assets. Management may use a qualitative or quantitative approach which requires the weighting of positive and negative evidence collected through the consideration of various factors to determine whether it is more likely than not that an indefinite-lived intangible asset or asset group is impaired. During the year ended December 31, 2025, management used both qualitative and quantitative approaches. For the quantitative analyses, management used an income-based approach to valuation, the discounted cash flow method. Management considers macroeconomic and entity-specific factors, including projected AUM, projected revenue growth rates, projected pre-tax profit margins, tax rates, discount rates and, in the case of a trade name valuation, a royalty rate. In addition, management reconsiders on a quarterly basis whether events or circumstances indicate that a change in the useful life has occurred. Indicators of a possible change in useful life monitored by management generally include changes in the expected use of the asset, a significant decline in the level of managed assets, changes to legal, regulatory or contractual provisions of the rights to manage fund assets, the effects of obsolescence, demand, competition and other economic factors that could impact the funds' projected performance and existence, and significant reductions in underlying operating cash flows.

As of December 31, 2025, due to a decrease in projected cash flows, primarily driven by a decrease in projected revenue, management concluded that an indicator of potential impairment existed for the indefinite-lived intangible asset related to the FHL right to manage public fund assets, which had a carrying value of £72.2 million (\$97.3 million). A discounted cash flow analysis was prepared which resulted in the estimated fair value exceeding the carrying value by less than 5%. The key assumptions in the discounted cash flow analysis include revenue growth rates, pre-tax profit margins and the discount rate applied to the projected cash flows. The risk of future impairment increases with a decrease in projected cash flows and/or an increase in the discount rate.

As of December 31, 2025, assuming all other assumptions remain static, an increase or decrease of 10% in projected revenue growth rates would result in a corresponding change to estimated fair value of approximately 9%. An increase or decrease of 10% in pre-tax profit margins would result in a corresponding change to estimated fair value of approximately 16%. An increase or decrease in the discount rate of 25 basis points would result in an inverse change to estimated fair value of approximately 3%. Market volatility and other events related to geopolitical or other unexpected events in the future can further reduce the AUM, revenues and earnings associated with Federated Hermes' indefinite-lived intangible assets and can result in subsequent impairment tests being based upon updated assumptions and future cash flow projections, which can result in an impairment. For additional information on risks related to geopolitical or other unexpected events, see Item 1A – Risk Factors – General Risk Factors – Other General Risks – Potential Adverse Effects of Unpredictable Events or Consequences.

## **ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of its business, Federated Hermes is exposed to fluctuations in the securities markets and general economy. As an investment manager, Federated Hermes' business requires that it continuously identify, assess, monitor and manage market and other risks including those risks affecting its own investment portfolio. Federated Hermes invests in Federated Hermes Funds for the primary purpose of generating returns from capital appreciation, investment income, or both, or, in the case of newly launched Federated Hermes Funds or new Separate Account strategies, to provide the offering with investable cash to establish a performance history. These investments expose Federated Hermes to various market risks. A single investment can expose Federated Hermes to multiple risks arising from changes in interest rates, credit ratings, equity prices and foreign currency exchange rates. Federated Hermes manages its exposure to market risk by diversifying its investments among different asset classes and by altering its investment holdings from time to time in response to changes in market risks and other factors. In addition, in certain cases, Federated Hermes enters into derivative instruments for purposes of hedging certain market risks.

Interest-rate risk is the risk that unplanned fluctuations in earnings will result from interest-rate volatility, while credit risk is the risk that an issuer of debt securities may default on its obligations. At December 31, 2025, Federated Hermes was exposed to interest-rate risk as a result of investments in debt securities held by certain consolidated investment companies and strategies (\$21.1 million) and holding investments in fixed-income Federated Hermes Funds (\$10.9 million). At December 31, 2025, management considered a hypothetical 250-basis-point fluctuation in interest rates. Management determined that the impact of

such a fluctuation on these investments could impact Federated Hermes' results of operations and financial condition by approximately \$2 million. At December 31, 2025, these investments and additional investments in money market accounts (\$558.3 million) exposed Federated Hermes to credit risk. At December 31, 2025, management considered a hypothetical 250-basis-point fluctuation in credit spreads. Management determined that such a fluctuation could impact Federated Hermes' results of operations and financial condition by approximately \$5 million.

Price risk is the risk that the market price of an investment will decline and ultimately result in the recognition of a loss. Federated Hermes was exposed to price risk as a result of its \$63.2 million investment primarily in equity Federated Hermes Funds and Separate Accounts at December 31, 2025. Federated Hermes' investment in these offerings represents its maximum exposure to loss. At December 31, 2025, management considered a hypothetical 20% fluctuation in fair value and determined that such a fluctuation on these investments could impact Federated Hermes' results of operations and financial condition by approximately \$13 million.

Foreign exchange risk is the risk that an investment's value will change due to fluctuations in currency exchange rates. As of December 31, 2025, Federated Hermes was exposed to foreign exchange risk as a result of its investments in Federated Hermes Funds holding non-USD securities as well as non-USD operating cash accounts and receivables held by certain foreign operating subsidiaries of Federated Hermes (\$77.1 million). Of these investments, cash accounts and receivables held at December 31, 2025, management considered a hypothetical 20% fluctuation in applicable foreign exchange rates and determined that such a fluctuation could impact Federated Hermes' results of operations and financial condition by approximately \$15 million.

In addition to market risks attributable to Federated Hermes' investments, nearly all of Federated Hermes' revenue is calculated based on AUM. Accordingly, changes in the market value of managed assets have a direct impact on Federated Hermes' revenue. Declines in the fair values of these assets as a result of changes in the market or other conditions will negatively impact revenue and net income. Assuming the ratio of revenue from managed assets to average AUM for 2025 remained unchanged, a 20% decline in the average AUM would result in a corresponding 20% decline in revenue. Certain expenses, including distribution and compensation and related expenses, may not vary in proportion with changes in the market value of managed assets. As such, the impact on net income from a decline in the market values of managed assets can be greater or less than the percentage decline in the market value of managed assets. For further discussion of managed assets and factors that impact Federated Hermes' revenue, see Item 1A – Risk Factors and the General and Asset Highlights sections included in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

## ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### MANAGEMENT’S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Federated Hermes, Inc.’s (including its consolidated subsidiaries, Federated Hermes) management is responsible for the preparation, integrity and fair presentation of the consolidated financial statements in this annual report. These consolidated financial statements and notes have been prepared in conformity with U.S. generally accepted accounting principles from accounting records which management believes fairly and accurately reflect Federated Hermes’ operations and financial position. The consolidated financial statements include amounts based on management’s best estimates and judgments considering currently available information and management’s view of current conditions and circumstances.

Management is responsible for establishing and maintaining adequate internal control over financial reporting that is designed to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The system of internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by management and tested for reliability. Actions are taken to correct potential deficiencies as they are identified. Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

Management assessed the effectiveness of Federated Hermes’ internal control over financial reporting as of December 31, 2025, in relation to criteria for effective internal control over financial reporting as described in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). The scope of management’s assessment of the effectiveness of its disclosure controls and procedures did not include the internal controls over financial reporting at Rivington Energy Management Limited (Rivington), which was acquired on April 7, 2025. Rivington represented less than 1% of both Federated Hermes’ total and net assets as of December 31, 2025 and less than 1% of both Federated Hermes’ total revenue and net income for the year ended December 31, 2025. This exclusion is consistent with the SEC Staff’s guidance that an assessment of a recently acquired business may be omitted from the scope of management’s assessment of the effectiveness of disclosure controls and procedures that are also part of internal control over financial reporting in the year of acquisition. Based on this assessment, management concluded that, as of December 31, 2025, Federated Hermes’ internal controls over financial reporting were effective. Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements included in this annual report and has audited the effectiveness of the internal control over financial reporting.

Federated Hermes, Inc.

/s/ J. Christopher Donahue  
J. Christopher Donahue  
President and Chief Executive Officer

/s/ Thomas R. Donahue  
Thomas R. Donahue  
Chief Financial Officer

February 27, 2026

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Federated Hermes, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Federated Hermes, Inc. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2026 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

### ***Valuation of Indefinite-Lived Intangible Asset***

*Description of the Matter* At December 31, 2025, the Company had \$97.3 million of an indefinite-lived intangible asset related to the right to manage public fund assets acquired in connection with the 2018 Federated Hermes Limited (FHL) acquisition (FHL indefinite-lived intangible asset). As described in Note 1(j) to the consolidated financial statements, indefinite-lived intangible assets are tested for impairment at the accounting unit level annually, or when indicators of potential impairment exist, to determine whether it is more likely than not that the accounting unit is impaired. The Company evaluated the FHL indefinite-lived intangible asset for impairment as of December 31, 2025 using a quantitative approach. Auditing the Company's impairment test of the FHL indefinite-lived intangible asset was complex and judgmental due to the significant estimation uncertainty in determining the fair value of this accounting unit. The significant assumptions used to estimate the fair value of this accounting unit included the projected revenue growth rates and projected pre-tax profit margins that form the basis of the projected cash flows, and the discount rate. These significant assumptions are forward-looking and could be materially affected by future economic and market conditions.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's impairment testing process for indefinite-lived intangible assets, including controls over management's review of the significant assumptions described above.

Our audit procedures to test the estimated fair value of the Company's FHL indefinite-lived intangible asset accounting unit included, among others, evaluating management's significant assumptions described above and testing the completeness and accuracy of the underlying data. With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation methodology and the significant assumptions described above. Our procedures included, among others, evaluating the selection of the discount rate by comparing the selected discount rate to the Company's weighted average cost of capital, testing the objective source information underlying the determination of the discount rate, and comparing management's discount rate to an independently developed range. Our procedures also included, among others, comparing the projected revenue growth rates and projected pre-tax profit margins to current industry, market and economic data, historical results, and other relevant information. We evaluated management's ability to accurately project revenue growth rates and pre-tax profit margins by comparing actual results to management's historical forecasts. Additionally, we performed sensitivity analyses of the significant assumptions described above to evaluate the changes in the fair value of the FHL indefinite-lived intangible asset that would result from reasonably expected changes in these significant assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1996.

Pittsburgh, PA

February 27, 2026

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Federated Hermes, Inc.

### **Opinion on Internal Control Over Financial Reporting**

We have audited Federated Hermes, Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Federated Hermes, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

As indicated in the accompanying Management's Assessment of Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Rivington Energy Management Limited (Rivington), which is included in the 2025 consolidated financial statements of the Company and constituted less than 1% of total and net assets as of December 31, 2025 and less than 1% of revenues and net income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Rivington.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes, and our report dated February 27, 2026 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Assessment of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Pittsburgh, PA

February 27, 2026

**CONSOLIDATED BALANCE SHEETS**

(dollars in thousands)

<b>December 31,</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 582,542	\$ 504,441
Investments—Consolidated Investment Companies	85,501	82,441
Investments—Affiliates and Other	56,254	54,160
Receivables, net of reserve of \$21 and \$21, respectively	47,553	69,903
Receivables—Affiliates	42,225	36,317
Prepaid Expenses	36,832	29,294
Other Current Assets	12,885	4,796
Total Current Assets	863,792	781,352
<b>Long-Term Assets</b>		
Goodwill	852,102	804,818
Intangible Assets, net	331,510	327,881
Property and Equipment, net	24,838	25,565
Right-of-Use Assets, net	95,793	104,710
Other Long-Term Assets	61,302	40,358
Total Long-Term Assets	1,365,545	1,303,332
Total Assets	\$ 2,229,337	\$ 2,084,684
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 99,046	\$ 100,012
Accrued Compensation and Benefits	176,329	157,068
Lease Liabilities	20,147	16,695
Other Current Liabilities	18,619	15,418
Total Current Liabilities	314,141	289,193
<b>Long-Term Liabilities</b>		
Long-Term Debt	348,369	348,106
Long-Term Deferred Tax Liability, net	183,542	170,957
Long-Term Lease Liabilities	88,491	97,166
Other Long-Term Liabilities	31,317	28,542
Total Long-Term Liabilities	651,719	644,771
Total Liabilities	965,860	933,964
Commitments and Contingencies (Note (20))		
<b>TEMPORARY EQUITY</b>		
Redeemable Noncontrolling Interests in Subsidiaries	66,529	55,514
<b>PERMANENT EQUITY</b>		
Federated Hermes, Inc. Shareholders' Equity		
Common Stock:		
Class A, No Par Value, 20,000 Shares Authorized, 9,000 Shares Issued and Outstanding	189	189
Class B, No Par Value, 900,000,000 Shares Authorized, 99,505,456 Shares Issued	532,413	503,335
Retained Earnings	1,531,076	1,256,603
Treasury Stock, at Cost, 23,118,490 and 17,745,777 Shares Class B Common Stock, respectively	(873,214)	(632,838)
Accumulated Other Comprehensive Income (Loss), net of tax	6,484	(32,083)
Total Permanent Equity	1,196,948	1,095,206
Total Liabilities, Temporary Equity and Permanent Equity	\$ 2,229,337	\$ 2,084,684

*(The accompanying notes are an integral part of these Consolidated Financial Statements.)*

**CONSOLIDATED STATEMENTS OF INCOME**

(dollars in thousands, except per share data)

Years Ended December 31,	2025	2024	2023
<b>Revenue</b>			
Investment Advisory Fees, net—Affiliates	\$ 943,474	\$ 857,444	\$ 870,831
Investment Advisory Fees, net—Other	255,762	240,422	244,952
Administrative Service Fees, net—Affiliates	419,759	387,531	343,332
Other Service Fees, net—Affiliates	148,648	128,725	134,429
Other Service Fees, net—Other	33,020	17,971	16,030
Total Revenue	1,800,663	1,632,093	1,609,574
<b>Operating Expenses</b>			
Compensation and Related Distribution	577,686	540,486	563,388
Systems and Communications	434,391	382,327	371,198
Professional Service Fees	98,449	92,515	84,203
Office and Occupancy	80,814	78,353	69,514
Advertising and Promotional	39,695	39,946	45,069
Travel and Related	22,986	24,090	22,992
Intangible Asset Related	17,012	15,399	15,409
Other	13,731	79,361	13,870
Other	2,017	18,149	36,382
Total Operating Expenses	1,286,781	1,270,626	1,222,025
Operating Income	513,882	361,467	387,549
<b>Nonoperating Income (Expenses)</b>			
Investment Income, net	25,292	26,065	22,559
Gain (Loss) on Securities, net	21,120	6,603	13,181
Debt Expense	(12,732)	(12,665)	(12,519)
Other, net	(36)	139	562
Total Nonoperating Income (Expenses), net	33,644	20,142	23,783
Income Before Income Taxes	547,526	381,609	411,332
Income Tax Provision	133,431	113,179	106,551
Net Income Including the Noncontrolling Interests in Subsidiaries	414,095	268,430	304,781
Less: Net Income (Loss) Attributable to the Noncontrolling Interests in Subsidiaries	10,796	116	5,801
Net Income	\$ 403,299	\$ 268,314	\$ 298,980
<b>Amounts Attributable to Federated Hermes, Inc.</b>			
Earnings Per Common Share—Basic and Diluted	\$ 5.13	\$ 3.23	\$ 3.40
Cash Dividends Per Share	\$ 1.33	\$ 2.21	\$ 1.11

*(The accompanying notes are an integral part of these Consolidated Financial Statements.)*

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(dollars in thousands)

Years Ended December 31,	2025	2024	2023
Net Income Including the Noncontrolling Interests in Subsidiaries	\$ 414,095	\$ 268,430	\$ 304,781
Other Comprehensive Income (Loss), net of tax			
Permanent Equity			
Foreign Currency Translation Gain (Loss)	38,567	(12,172)	25,765
Temporary Equity			
Foreign Currency Translation Gain (Loss)	2,523	(687)	585
Other Comprehensive Income (Loss), net of tax	41,090	(12,859)	26,350
Comprehensive Income Including the Noncontrolling Interests in Subsidiaries	455,185	255,571	331,131
Less: Comprehensive Income (Loss) Attributable to Redeemable Noncontrolling Interest in Subsidiaries	13,319	(571)	6,386
Comprehensive Income Attributable to Federated Hermes, Inc.	\$ 441,866	\$ 256,142	\$ 324,745

*(The accompanying notes are an integral part of these Consolidated Financial Statements.)*

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(dollars in thousands)

	Shares		
	Class A	Class B	Treasury
<b>Balance at January 1, 2023</b>	9,000	89,275,935	10,229,521
Net Income (Loss)	0	0	0
Other Comprehensive Income (Loss), net of tax	0	0	0
Subscriptions – Redeemable Noncontrolling Interest Holders	0	0	0
Consolidation/(Deconsolidation)	0	0	0
Stock Award Activity	0	883,496	(883,496)
Dividends Declared	0	0	0
Distributions to Noncontrolling Interests in Subsidiaries	0	0	0
Purchase of Treasury Stock	0	(5,318,442)	5,318,442
<b>Balance at December 31, 2023</b>	9,000	84,840,989	14,664,467
Net Income (Loss)	0	0	0
Other Comprehensive Income (Loss), net of tax	0	0	0
Subscriptions – Redeemable Noncontrolling Interest Holders	0	0	0
Consolidation/(Deconsolidation)	0	0	0
Stock Award Activity	0	930,707	(930,707)
Dividends Declared	0	0	0
Distributions to Noncontrolling Interests in Subsidiaries	0	0	0
Purchase of Treasury Stock	0	(4,012,017)	4,012,017
<b>Balance at December 31, 2024</b>	9,000	81,759,679	17,745,777
Net Income (Loss)	0	0	0
Other Comprehensive Income (Loss), net of tax	0	0	0
Subscriptions – Redeemable Noncontrolling Interest Holders	0	0	0
Consolidation/(Deconsolidation)	0	0	0
Stock Award Activity	0	819,720	(819,720)
Dividends Declared	0	0	0
Distributions to Noncontrolling Interests in Subsidiaries	0	0	0
Business Acquisition	0	0	0
Purchase of Treasury Stock	0	(6,192,433)	6,192,433
<b>Balance at December 31, 2025</b>	<b>9,000</b>	<b>76,386,966</b>	<b>23,118,490</b>

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

Federated Hermes, Inc. Shareholders' Equity

Common Stock	Additional Paid-in Capital from Treasury Stock Transactions	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total Permanent Equity	Redeemable Noncontrolling Interests in Subsidiaries/ Temporary Equity
\$ 441,142	\$ 0	\$ 1,015,589	\$ (365,363)	\$ (45,676)	\$ 1,045,692	\$ 61,821
0	0	298,980	0	0	298,980	5,801
0	0	0	0	25,765	25,765	585
0	0	0	0	0	0	72,823
0	0	0	0	0	0	(75,225)
33,861	2	(22,003)	23,256	0	35,116	0
0	0	(98,005)	0	0	(98,005)	0
0	0	0	0	0	0	(39,960)
0	0	0	(179,296)	0	(179,296)	0
\$ 475,003	\$ 2	\$ 1,194,561	\$ (521,403)	\$ (19,911)	\$ 1,128,252	\$ 25,845
0	0	268,314	0	0	268,314	116
0	0	0	0	(12,172)	(12,172)	(687)
0	0	0	0	0	0	69,144
0	0	0	0	0	0	(7,646)
28,521	(2)	(21,723)	23,104	0	29,900	0
0	0	(184,549)	0	0	(184,549)	0
0	0	0	0	0	0	(31,258)
0	0	0	(134,539)	0	(134,539)	0
\$ 503,524	\$ 0	\$ 1,256,603	\$ (632,838)	\$ (32,083)	\$ 1,095,206	\$ 55,514
0	0	403,299	0	0	403,299	10,796
0	0	0	0	38,567	38,567	2,523
0	0	0	0	0	0	163,922
0	0	0	0	0	0	(154,404)
29,078	0	(24,006)	25,262	0	30,334	0
0	0	(104,820)	0	0	(104,820)	0
0	0	0	0	0	0	(35,414)
0	0	0	0	0	0	23,592
0	0	0	(265,638)	0	(265,638)	0
\$ 532,602	\$ 0	\$ 1,531,076	\$ (873,214)	\$ 6,484	\$ 1,196,948	\$ 66,529

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

Years Ended December 31,	2025	2024	2023
<b>Operating Activities</b>			
Net Income Including the Noncontrolling Interests in Subsidiaries	\$ 414,095	\$ 268,430	\$ 304,781
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>			
Depreciation and Amortization	22,260	22,429	26,835
Share-Based Compensation Expense	29,130	28,784	33,947
(Gain) Loss on Disposal of Assets	(10,300)	(1,552)	260
(Benefit) Provision for Deferred Income Taxes	10,769	(14,935)	4,252
Impairment of Intangible Asset	0	66,331	0
Net Unrealized (Gain) Loss on Investments	(10,794)	(3,929)	(13,423)
Net Sales (Purchases) of Investments—Consolidated Investment Companies	(146,073)	(28,571)	(34,328)
Consolidation/(Deconsolidation) of Investment Companies	(8,379)	(8,008)	1,647
Other Changes in Assets and Liabilities:			
(Increase) Decrease in Receivables, net	4,025	17,348	(27,568)
(Increase) Decrease in Prepaid Expenses and Other Assets	(18,298)	19,871	20,748
Increase (Decrease) in Accounts Payable and Accrued Expenses	5,929	9,359	14,627
Increase (Decrease) in Other Liabilities	4,981	(29,003)	(19,947)
Net Cash Provided (Used) by Operating Activities	297,345	346,554	311,831
<b>Investing Activities</b>			
Purchases of Investments—Affiliates and Other	(18,692)	(47,516)	(57,999)
Cash Paid for Business Acquisitions, net of Cash Acquired	(12,755)	0	0
Proceeds from Redemptions of Investments—Affiliates and Other	42,243	119,891	35,304
Cash Paid for Property and Equipment	(2,762)	(4,024)	(7,915)
Other Investing Activities	(6,028)	(4,100)	0
Net Cash Provided (Used) by Investing Activities	2,006	64,251	(30,610)
<b>Financing Activities</b>			
Dividends Paid	(104,872)	(184,811)	(98,093)
Purchases of Treasury Stock	(262,775)	(137,615)	(177,066)
Distributions to Noncontrolling Interests in Subsidiaries	(35,414)	(31,258)	(39,960)
Contributions from Noncontrolling Interests in Subsidiaries	163,922	69,144	72,823
Cash Paid for Business Acquisitions	0	(3,236)	(2,065)
Other Financing Activities	1,256	1,379	1,274
Net Cash Provided (Used) by Financing Activities	(237,883)	(286,397)	(243,087)
Effect of Exchange Rates on Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents			
	15,346	(3,795)	7,865
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	76,814	120,613	45,999
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Period	507,567	386,954	340,955
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Period	584,381	507,567	386,954
Less: Restricted Cash Recorded in Other Current Assets	1,348	2,663	3,498
Less: Restricted Cash and Restricted Cash Equivalents Recorded in Other Long-Term Assets	491	463	276
Cash and Cash Equivalents	\$ 582,542	\$ 504,441	\$ 383,180
<b>Supplemental Disclosure of Cash Flow Information</b>			
Cash paid during the year for:			
Interest	\$ 11,805	\$ 11,592	\$ 11,648

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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(December 31, 2025, 2024 and 2023)

### **(1) Summary of Significant Accounting Policies**

#### **(a) Nature of Operations**

Federated Hermes provides investment advisory, administrative, distribution and other services to the Federated Hermes Funds and Separate Accounts in both domestic and international markets. In addition, Federated Hermes markets and provides stewardship, real estate development and renewable energy project development services to various domestic and international companies. For presentation purposes in the Consolidated Financial Statements, the Federated Hermes Funds are considered to be affiliates of Federated Hermes.

The majority of Federated Hermes' revenue is derived from investment advisory services provided to the Federated Hermes Funds and Separate Accounts through various subsidiaries pursuant to investment advisory contracts. These advisory subsidiaries are registered as investment advisors under the Advisers Act or operate in similar capacities under applicable jurisdictional law.

U.S.-domiciled Federated Hermes Funds are generally distributed by a wholly-owned subsidiary registered as a broker/dealer under the 1934 Act and under applicable state laws. Non-U.S.-domiciled Federated Hermes Funds are generally distributed by subsidiaries and third-party distribution firms which are registered (as required) under applicable jurisdictional law. Federated Hermes' investment offerings are distributed within the U.S. financial intermediary, U.S. institutional and international markets.

#### **(b) Basis of Presentation**

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates, and such differences could be material to the Consolidated Financial Statements.

#### **(c) Reclassification of Prior Period Financial Statements**

Certain items previously reported have been reclassified to conform to the current year's presentation.

#### **(d) Revenue Recognition**

All of Federated Hermes' revenue is earned from contracts with customers, which are generally terminable upon no more than 60 days' notice. Revenue is measured as the consideration to which Federated Hermes expects to be entitled in exchange for providing its services. This amount could be reduced by Fee Waivers.

Federated Hermes' revenue is earned from investment advisory (includes performance fees and carried interest), administrative, distribution and other services. The majority of the contracts related to these revenue streams contain a single performance obligation as the obligations in the contracts are not separately identifiable from other obligations and therefore are not distinct. The payment terms for each revenue stream vary dependent on the specific contracts in place. The majority of investment advisory and administrative services payments are settled daily. Carried interest and performance fees are settled after uncertainties are resolved and contract-specific approval procedures have been completed. Distribution fees and the majority of other services are generally settled monthly. Certain revenue streams are accounted for as variable consideration and are subject to factors outside of Federated Hermes' control, including investor activity and preferences, market volatility and, in the case of carried interest, contracts which contain a large number and broad range of possible amounts and certain clawback provisions which may require the return of previously received consideration based on future fund performance. Revenue from variable consideration is recognized as these uncertainties are resolved.

Revenue from providing investment advisory, administrative and the majority of other services is recognized when a performance obligation is satisfied, which occurs when control of the services is transferred to customers. For these revenue streams, control is transferred over time as the customer simultaneously consumes the benefit of the service as it is provided. Federated Hermes utilizes a time-based measure of progress for which each day is a distinct service period over the life of the contract. Investment advisory, administrative and certain other service fees are generally calculated as a percentage of average net assets of the investment portfolios managed by Federated Hermes. Based on the nature of the calculation, the revenue for

these services is accounted for as variable consideration. Certain other service fees are earned on fixed-rate contracts which are recorded over the life of the contract as services are performed. See Note (4) for information about expected future revenue.

For certain revenue, primarily related to distribution and performance fees, including carried interest, Federated Hermes may recognize revenue in the current period that pertains to performance obligations satisfied in prior periods, as it represents variable consideration and is recognized as uncertainties are resolved. For the distribution performance obligation, control is transferred to the customer at the point in time of investor subscription and/or redemption. Measurement of distribution revenue is based on contractual fee rates and the fair value of AUM over the time period the investor remains in the fund. The revenue for these services is accounted for as variable consideration, and the majority of this revenue relates to performance obligations that have been satisfied in prior periods.

Performance fees, including carried interest, are received from certain Federated Hermes Funds and Separate Accounts and are dependent upon meeting certain performance hurdles which typically arise from investment management services that began in prior periods. Revenues related to performance fees, including carried interest, are recognized at a point in time when these hurdles are met. Because each fee arrangement is unique, contracts are evaluated on an individual basis for each reporting period. Performance fees, including carried interest, are accounted for as variable consideration, and Federated Hermes records a contract liability for deferred carried interest to the extent it receives cash prior to meeting the revenue recognition criteria.

The fair value of AUM managed by Federated Hermes is primarily determined using quoted market prices, independent third-party pricing services and broker/dealer price quotes or the NAV Practical Expedient. In limited circumstances, a quotation or price determination is not readily available from an independent pricing source. In these cases, pricing is determined by management based on a prescribed valuation process that has been approved by the directors/trustees of the Federated Hermes Funds. For the periods presented, an immaterial amount of AUM was priced in this manner. For Separate Accounts that are not registered investment companies under the 1940 Act, the fair value of portfolio investments is primarily determined as specified in applicable customer agreements, including in agreements between the customer and the customer's third-party custodian. For Separate Accounts that are registered investment companies under the 1940 Act (e.g., sub-advised mutual funds), the fair value of portfolio investments is determined based on a prescribed valuation process approved by the board of directors/trustees of the sub-advised fund.

Federated Hermes has contractual arrangements with third parties to provide certain fund-related services. Management considers whether Federated Hermes is acting as the principal service provider or as an agent to determine whether its revenue should be recorded based on the gross amount received from the funds or net of Federated Hermes' payments to third-party service providers. Federated Hermes is considered a principal service provider if it controls the service that is transferred to the customer. Alternatively, it would be considered an agent when it does not control the service, but rather arranges for the service to be provided by another party. Generally, the less the customer is directly involved with or participates in making decisions regarding the ultimate third-party service provider, the more supportive the facts are that Federated Hermes is acting as the principal in these transactions and should therefore report revenues on a gross basis. Nearly all of Federated Hermes' revenue is recorded gross of payments made to third parties.

Management judgments are used when reviewing newly-created contracts and/or materially-modified contracts to determine whether: (1) Federated Hermes is the principal or agent; (2) a contract has multiple performance obligations when Federated Hermes is paid a single fee; and (3) two or more contracts should be combined. A change in the conclusion of whether Federated Hermes is the principal or agent would result in a change in the revenue being recorded gross or net of payments made to third parties. Different conclusions for the remaining two judgments could change the line items to which revenue is being recorded.

#### **(e) Principles of Consolidation**

Federated Hermes performs an analysis for each Federated Hermes Fund or other entity in which Federated Hermes holds a financial interest to determine if it is a VIE or a voting rights entity (VRE). Factors considered in this analysis include, but are not limited to, whether: (1) it is a legal entity; (2) a scope exception applies; (3) a variable interest exists; and (4) shareholders have the power to direct the activities that most significantly impact the economic performance, as well as the equity ownership, and any related party or de facto agent implications of Federated Hermes' involvement with the entity. Entities that are determined to be VIEs are consolidated if Federated Hermes is deemed to be the primary beneficiary. Entities that are determined to be VREs are generally consolidated if Federated Hermes holds the majority voting interest. Federated Hermes' conclusion to consolidate a Federated Hermes Fund could vary from period to period, most commonly as a result of changes in its percentage of ownership interest in the entity. All intercompany accounts and transactions are eliminated in consolidation.

### *Consolidation of Variable Interest Entities*

Federated Hermes has a controlling financial interest in a VIE and is, therefore, deemed to be the primary beneficiary of a VIE if it has: (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance; and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Financial information for certain entities, whose primary purpose is to collect and distribute carried interest paid by foreign private equity and infrastructure funds (carried interest vehicles), is not available timely and is therefore consolidated on a one quarter lag, adjusted for any known material carried interest revenue and compensation transactions occurring through the balance sheet date.

### *Consolidation of Voting Rights Entities*

Federated Hermes has a controlling financial interest in a VRE if it can exert control over the financial and operating policies of the VRE, which generally occurs when Federated Hermes holds the majority voting interest (i.e., greater than 50% of the voting equity interest).

### **(f) Cash and Cash Equivalents**

Cash and Cash Equivalents consist of investments in money market funds and deposits with banks. Cash equivalents are highly liquid investments that are readily convertible to cash with original maturities of 90 days or less at the date of acquisition. Cash and cash equivalents that are legally restricted for use are considered Restricted Cash and are recorded in Other Current Assets and Other Long-Term Assets on the Consolidated Balance Sheets.

### **(g) Investments**

Federated Hermes' investments are categorized as Investments—Consolidated Investment Companies or Investments—Affiliates and Other on the Consolidated Balance Sheets. Investments—Consolidated Investment Companies represent securities held by Federated Hermes as a result of consolidating certain Federated Hermes Funds. Investments—Affiliates and Other represent Federated Hermes' investments in fluctuating-value Federated Hermes Funds and investments held in Separate Accounts for which Federated Hermes owns the underlying debt and equity securities. All investments are carried at fair value in line with the investment company accounting standards applied at the fund level with unrealized gains or losses on these securities recognized in Gain (Loss) on Securities, net on the Consolidated Statements of Income. Realized gains and losses on these securities are computed on a specific-identification basis and recognized in Gain (Loss) on Securities, net on the Consolidated Statements of Income.

The fair value of Federated Hermes' investments is generally based on quoted market prices in active markets for identical instruments. If quoted market prices are not available, fair value is generally based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. In the absence of observable market data inputs and/or value drivers, internally generated valuation techniques can be utilized in which one or more significant inputs or significant value drivers are unobservable in the marketplace. See Note (8) for additional information regarding the fair value of investments held as of December 31, 2025 and 2024.

### **(h) Derivatives and Hedging Instruments**

From time to time, Federated Hermes may consolidate an investment offering that holds freestanding derivative financial instruments for trading purposes. Federated Hermes reports such derivative instruments at fair value and records the changes in fair value in Gain (Loss) on Securities, net on the Consolidated Statements of Income.

Federated Hermes may also enter into derivative financial instruments to hedge against the risk of movement in foreign exchange rates. Federated Hermes records all derivative financial instruments as either assets or liabilities on its Consolidated Balance Sheets and measures these instruments at fair value. Federated Hermes has not designated any derivative financial instrument as a hedging instrument for accounting purposes. The gain or loss on these derivative instruments is recognized in Operating Expenses – Other on the Consolidated Statements of Income.

### **(i) Asset Acquisitions and Business Combinations**

Federated Hermes performs an analysis to determine whether a transaction should be accounted for as an asset acquisition or a business combination.

A transaction that does not meet the definition of a business combination under U.S. GAAP is accounted for as an asset acquisition. Asset acquisitions are accounted for using a cost accumulation and allocation method where the cost of the transaction is allocated on a relative fair value basis to the qualifying assets acquired and liabilities assumed on the acquisition date. The cost of the transaction includes both the consideration transferred to the seller and any direct transaction costs incurred. The primary asset acquired in previous asset acquisitions has been the rights to manage fund assets. The rights to manage fund assets is an intangible asset valued using the excess earnings method, under the income approach, which estimates fair value by quantifying the amount of discounted cash flows generated by the asset. No goodwill is recognized in an asset acquisition.

A transaction that meets the definition of a business combination is accounted for under the acquisition method of accounting. The consideration transferred to the seller in a business combination is measured at fair value and calculated as the sum of the acquisition date fair values of the assets transferred by Federated Hermes, the liabilities incurred by Federated Hermes from the seller and any equity interests issued by Federated Hermes. Direct transaction costs are expensed as incurred in a business combination. Results of operations of an acquired business are included in Federated Hermes' results from the date of acquisition.

Rights to manage fund assets and trade names acquired in a business combination are recorded at fair value. The fair value of the rights to manage fund assets is determined using the excess earnings method, under the income approach. The fair value of the trade names is determined using the relief from royalty method, under the income approach. Each method considers various factors to project future cash flows expected to be generated from the asset. After the fair values of all separately identifiable assets and liabilities have been estimated, goodwill is recorded to the extent that the consideration paid exceeds the sum of the fair values of the separately identifiable acquired assets, net of assumed liabilities.

For both asset acquisitions and business combinations, the significant assumptions used in the valuation of the intangible assets acquired typically include: (1) the asset's estimated useful life; (2) projected AUM; (3) projected revenue growth rates; (4) projected pre-tax profit margins; (5) tax rates; (6) discount rates; and (7) in the case of a trade name valuation, a royalty rate.

In addition, from time to time, pursuant to agreements entered into in connection with certain business combinations and asset acquisitions, Federated Hermes can be required to make future consideration payments if certain contingencies are met. In connection with certain business combinations, Federated Hermes records a liability representing the estimated fair value of future consideration payments as of the acquisition date. The liability is subsequently re-measured at fair value on a recurring basis with changes in fair value recorded in earnings.

#### **(j) Goodwill and Intangible Assets**

Intangible assets consist primarily of rights to manage fund assets and trade names acquired in connection with various asset acquisitions and business combinations. Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. Certain portions of goodwill and intangible assets are denominated in foreign currency and, as such, include the effects of foreign currency fluctuations.

Federated Hermes tests goodwill for impairment at least annually on June 30 or when indicators of potential impairment exist. Goodwill is evaluated at the reporting unit level. Federated Hermes has determined that it has a single reporting unit consistent with its single operating segment based on the management of Federated Hermes' operations as a single business: investment management. Federated Hermes uses a qualitative approach to test for potential impairment of goodwill. If, after considering various factors, management determines that it is more likely than not that goodwill is impaired, a quantitative goodwill impairment test is performed which compares the fair value of its reporting unit, including consideration of Federated Hermes' market capitalization, with its carrying amount. If the carrying amount of its reporting unit exceeds its fair value, an impairment loss would be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to the reporting unit.

Federated Hermes has determined that certain acquired assets, primarily certain rights to manage fund assets and trade names, have indefinite useful lives. In reaching this conclusion, management considered the acquired assets' legal, regulatory and agreed-upon provisions, the highest and best use of the asset, the level of cost and effort required in agreed-upon renewals, and the effects of obsolescence, demand, competition and other economic factors that could impact the assets' fair value. The fair value of the rights to manage fund assets is determined using the excess earnings method, under the income approach. The fair value of trade names is determined using the relief from royalty method, under the income approach. Federated Hermes has identified three units of accounting for purposes of indefinite-lived intangible impairment testing. The determination to group indefinite-lived intangible assets into three units of accounting is subject to reconsideration and can change depending on the facts and circumstances. On a quarterly basis, indefinite-lived intangible assets are reviewed for potential changes in useful life.

In addition, an annual impairment test is performed at the accounting unit level, or when indicators of a potential impairment exist. Management may use a qualitative or quantitative approach which requires the weighting of positive and negative evidence collected through the consideration of various factors to determine whether it is more likely than not that an indefinite-lived intangible asset or asset group is impaired. Management considers macroeconomic and entity-specific factors, including the asset's estimated useful life, projected AUM, projected revenue growth rates, projected pre-tax profit margins, tax rates, discount rates and, in the case of a trade name valuation, a royalty rate. If Federated Hermes' carrying amount of its accounting unit exceeds its fair value, an impairment loss would be recognized in an amount equal to the excess of the carrying value over the fair value.

Federated Hermes amortizes finite-lived identifiable intangible assets on a straight-line basis over their estimated useful lives. Management periodically evaluates the remaining useful lives and carrying values of the intangible assets to determine whether events and circumstances indicate that a change in the useful life or impairment in value may have occurred. Indicators of a potential impairment monitored by management include a significant decline in the level of managed assets, changes to contractual provisions underlying certain intangible assets and significant reductions in underlying operating cash flows. Should there be an indication of a change in the useful life or impairment in value of the finite-lived intangible assets, Federated Hermes compares the carrying value of the asset to the projected undiscounted cash flows expected to be generated from the underlying asset over its remaining useful life to determine whether impairment has occurred. If the carrying value of the asset exceeds the undiscounted cash flows, the asset is written down to its fair value determined using discounted cash flows. Federated Hermes writes-off the cost and accumulated amortization balances for all fully amortized intangible assets.

### **(k) Property and Equipment**

Property and equipment are initially recorded at cost and are depreciated using the straight-line method over their estimated useful lives ranging from one to 15 years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or their respective lease terms. Depreciation and amortization expense is recorded in Operating Expenses – Office and Occupancy on the Consolidated Statements of Income. As property and equipment are taken out of service, the cost and related accumulated depreciation and amortization are removed. The write-off of any residual net book value is reflected as a loss in Operating Expenses – Other on the Consolidated Statements of Income.

On an annual basis, management reviews the remaining useful lives and carrying values of property and equipment to determine whether events and circumstances indicate that a change in the useful life or impairment in value may have occurred. Indicators of impairment monitored by management include a decrease in the market price of the asset, an accumulation of costs significantly in excess of the amount originally expected in the acquisition or development of the asset, historical and projected cash flows associated with the asset and an expectation that the asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. Should there be an indication of a change in the useful life or an impairment in value, Federated Hermes compares the carrying value of the asset to the probability-weighted undiscounted cash flows expected to be generated from the underlying asset over its remaining useful life to determine whether an impairment has occurred. If the carrying value of the asset or asset group exceeds the undiscounted cash flows, management will estimate the fair value of the asset or asset group based on prices of similar assets if available or a discounted cash flow analysis; after which, an impairment adjustment will be recorded for the amount that the carrying value exceeds the estimated fair value for each asset or asset group on a pro rata basis, but not below the estimated fair value of each respective asset. Impairment adjustments are recognized in Operating Expenses – Other on the Consolidated Statements of Income.

### **(l) Costs of Computer Software Developed or Obtained for Internal Use**

Certain internal and external costs incurred in connection with developing or obtaining software for internal use, including software licenses in a cloud computing arrangement, are capitalized in accordance with the applicable accounting guidance relating to Intangibles – Goodwill and Other – Internal-Use Software. These capitalized costs are included in Property and Equipment, net on the Consolidated Balance Sheets and are amortized using the straight-line method over the estimated useful life of the software, typically four years, or over the term of the software license. These assets are subject to the impairment test used for property and equipment described above.

Certain internal and external costs incurred in connection with implementation costs related to a software hosting arrangement that is a service contract are capitalized in accordance with the applicable accounting guidance relating to Intangibles – Goodwill and Other – Internal-Use Software. These capitalized costs are included in Prepaid Expenses and Other Long-Term Assets on the Consolidated Balance Sheets and are amortized using the straight-line method over the term of the software license.

### **(m) Leases**

Federated Hermes classifies leases as either operating or financing, and records a right-of-use (ROU) asset and a lease liability on the Consolidated Balance Sheets. The lease liability is initially measured at the present value of the unpaid lease payments remaining at the lease commencement date. The ROU asset is initially measured as the lease liability, adjusted for lease payments made prior to the lease commencement date and lease incentives received. ROU assets are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. In determining the present value of the lease liability, a lessee must use the interest rate implicit in the lease or, if that rate is not readily determinable, its incremental borrowing rate (IBR). All leases for the periods presented are classified as operating leases. Management has made the following accounting policy elections: (1) not to separate lease components from non-lease components for all asset classes and (2) to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less. Rent expense is recorded on a straight-line basis over the lease term, beginning on the earlier of the effective date of the lease or the date Federated Hermes obtains control of the asset. The lease term may include options to extend the lease when they are reasonably certain of being exercised.

Management judgments are used when reviewing new and/or materially-modified contracts to determine (1) whether the contract is, or contains, a lease, and (2) the IBR. Management was unable to determine the rates implicit in Federated Hermes' leases based on the information available at the commencement date, therefore, management calculated an IBR for each lease. In order to calculate the IBR, management began with readily observable unsecured rates, and adjusted for the following assumptions: (1) collateralization; (2) remaining lease term; and (3) the type of ROU asset.

### **(n) Loss Contingencies**

Federated Hermes accrues for estimated costs, including legal costs related to existing lawsuits, claims and proceedings, if any, when it is probable that a loss has been incurred and the costs can be reasonably estimated. Accruals are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information pertinent to a particular matter. Significant differences could exist between the actual cost required to investigate, litigate and/or settle a claim or the ultimate outcome of a lawsuit, claim or proceeding and management's estimate. These differences could have a material impact on Federated Hermes' results of operations, financial position and/or cash flows. Recoveries of losses are recognized on the Consolidated Statements of Income when receipt is deemed probable, or when final approval is received by the insurance carrier.

### **(o) Noncontrolling Interests**

To the extent Federated Hermes' interest in a consolidated entity represents less than 100% of the entity's equity, Federated Hermes recognizes noncontrolling interests in subsidiaries. These noncontrolling interests are classified as Redeemable Noncontrolling Interests in Subsidiaries in the Temporary Equity section of the Consolidated Balance Sheets.

In the case of Rivington, noncontrolling interests are subject to put and call option rights. These put and call rights are redeemable at the option of either the noncontrolling party or Federated Hermes at future predetermined dates, and therefore, are not entirely within Federated Hermes' control. The subsidiary's net income or loss and related dividends are allocated to Federated Hermes and the noncontrolling interest holder based on their relative ownership percentages. The noncontrolling interests' carrying value is adjusted on a quarterly basis to the higher of the carrying value less redemption value adjustments or redemption value, as of the balance sheet date, through a corresponding adjustment to retained earnings.

In the case of consolidated investment companies, the noncontrolling interests represent equity which is redeemable or convertible for cash at the option of the equity holder.

### **(p) Treasury Stock**

Federated Hermes accounts for acquisitions of treasury stock at cost and reports total treasury stock held as a deduction from Federated Hermes, Inc. Shareholders' Equity on the Consolidated Balance Sheets. No gain or loss is recognized within the Consolidated Statements of Comprehensive Income on the purchase, reissue, or retirement of treasury stock.

### **(q) Accumulated Other Comprehensive Income (Loss)**

Accumulated Other Comprehensive Income (Loss), net of tax is reported on the Consolidated Balance Sheets and includes unrealized gains and losses on foreign currency translation adjustments.

#### **(r) Foreign Currency Translation**

The balance sheets of certain foreign subsidiaries of Federated Hermes, certain consolidated foreign-denominated investment offerings and all other foreign-denominated cash or investment balances are translated at the current exchange rate as of the end of the reporting period and the related statements of income are translated at the average exchange rate in effect during the period. Net exchange gains and losses resulting from these translations are excluded from income and are recorded in Accumulated Other Comprehensive Income (Loss), net of tax on the Consolidated Balance Sheets. Foreign currency transaction gains and losses are reflected in Operating Expenses – Other on the Consolidated Statements of Income.

#### **(s) Share-Based Compensation**

Federated Hermes issues shares for share-based awards from treasury stock. Federated Hermes recognizes compensation costs based on grant-date fair value for all share-based awards. For restricted stock awards, the grant-date fair value of the award is calculated as the difference between the closing fair value of Federated Hermes' Class B common stock on the date of grant and the purchase price paid by the employee, if any. Federated Hermes' awards are generally subject to graded vesting schedules. Compensation and Related expense is generally recognized on a straight-line basis over the requisite service period of the award and is adjusted for actual forfeitures as they occur. For awards with provisions that allow for accelerated vesting upon retirement, Federated Hermes recognizes expense over the shorter of the vesting period or the period between grant date and the date on which the employee meets the minimum required age for retirement. Compensation and Related expense also includes dividends paid on forfeited awards. Excess tax benefits and/or additional tax expense (including tax benefits from dividends paid on unvested restricted stock awards) are recognized in the Income Tax Provision in the Consolidated Statements of Income.

#### **(t) Advertising Costs**

Federated Hermes generally expenses the cost of all advertising and promotional activities as incurred. Certain printed matter, however, such as sales brochures, are accounted for as prepaid supplies and are included in Other Current Assets on the Consolidated Balance Sheets until they are distributed or are no longer expected to be used, at which time their costs are expensed.

#### **(u) Income Taxes**

Federated Hermes accounts for income taxes under the liability method, which requires the recognition of deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Federated Hermes recognizes a valuation allowance if, based on the weight of available evidence regarding future taxable income, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Following its review, management has determined that the investment in certain non-U.S. subsidiaries will be reinvested for an indefinite period of time. Federated Hermes has the ability and the intent to do this. In addition, under the various directives and protocols in the jurisdictions where these entities are located, management believes that any dividend from these non-U.S. subsidiaries would not be subject to a withholding tax. Additionally, Federated Hermes has elected to account for taxes related to temporary basis differences expected to reverse as Net Controlled Foreign Corporation Tested Income as tax expense in the period incurred, rather than factoring it into the measurement of deferred taxes.

#### **(v) Earnings Per Share**

Basic and diluted earnings per share are calculated under the two-class method. Pursuant to the two-class method, unvested restricted shares of Federated Hermes' Class B common stock with nonforfeitable rights to dividends are considered participating securities and are required to be considered in the computation of earnings per share. These unvested restricted shares, as well as the related dividends paid and their proportionate share of undistributed earnings, if any, are excluded from the computation of basic and diluted earnings per share, except for circumstances where shares vest upon retirement and the employee has reached retirement age.

#### **(w) Business Segments**

Business or operating segments are defined as a component of an enterprise that engages in activities from which it could earn revenue and incur expenses for which discrete financial information is available and is regularly evaluated by Federated Hermes' CEO, who is the chief operating decision maker (CODM), in deciding how to allocate resources and assess

performance. Federated Hermes operates in one operating segment, the investment management business, which is primarily conducted within the U.S. Federated Hermes' CEO utilizes a consolidated approach to allocate resources and assess performance.

## **(2) Recent Accounting Pronouncements**

### **Recently Adopted Accounting Guidance**

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU updates income tax disclosures by requiring annual disclosures of disaggregated information, based on meeting a quantitative threshold, about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The update was adopted retrospectively for Federated Hermes' December 31, 2025 Form 10-K. The adoption did not have a material impact on Federated Hermes' disclosures.

### **Recently Issued Accounting Guidance Not Yet Adopted**

In November 2024, the FASB issued ASU No. 2024-03 Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of income statement expenses. This ASU updates expense disclosures by requiring additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The update is effective for Federated Hermes for the December 31, 2027 Form 10-K, with early adoption permitted, and allows for either the prospective or retrospective adoption method. Management is currently evaluating this ASU to determine its impact on Federated Hermes' disclosures.

In September 2025, the FASB issued ASU No. 2025-06 Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40) Targeted Improvements to the Accounting for Internal-Use Software. This ASU amends certain aspects of the accounting for and disclosure of software costs under Accounting Standards Codification (ASC) 350-40 Intangibles—Goodwill and Other—Internal-Use Software by removing references to software development phases for cost capitalization and specifying the disclosures required under ASC 360-10 Property, Plant, and Equipment. The update is effective for Federated Hermes for the March 31, 2028 Form 10-Q with early adoption permitted, and allows for the retrospective, modified retrospective or prospective adoption methods. Management is currently evaluating this ASU to determine its impact on Federated Hermes' Consolidated Financial Statements.

## **(3) Business Combination**

### Rivington Acquisition

On April 7, 2025, FHL acquired a majority (60%) equity interest in Rivington, a U.K.-based renewable energy project development business, from its founding shareholders (Sellers). The acquisition provides an opportunity to further accelerate Federated Hermes' growth in markets outside of the U.S.

The share purchase agreement provided for an upfront cash payment of £23.6 million (\$30.0 million) for the majority (60%) equity interest in Rivington. The upfront cash payment included £12.9 million (\$16.4 million) paid to Rivington for newly issued shares principally to provide funds for growth capital and debt repayment. The share purchase agreement also provides for a series of contingent purchase price payments, which can total as much as £10.7 million (\$13.6 million) in the aggregate, with an estimated fair value as of the acquisition date of £2.1 million (\$2.7 million), based on meeting certain revenue thresholds over the next three years. The share purchase agreement and other related transaction documents contain certain negotiated warranties, covenants and other terms customary for similar transactions in the U.K.

FHL and Sellers entered into an arrangement pursuant to the Shareholders' Agreement relating to Rivington Energy (Management) Limited, which grants FHL the right to exercise a call option to acquire Sellers' remaining 40% interest in Rivington at fair value between January 1, 2026 and December 31, 2033 and grants Sellers a right to exercise a put option to sell their remaining interest in Rivington to FHL at fair value between January 1, 2029 and December 31, 2033. Federated Hermes has determined that Sellers' remaining 40% interest is temporary equity due to it being redeemable at the option of either FHL or Sellers, and therefore is not entirely in Federated Hermes' control.

Federated Hermes performed a valuation of the fair value of the Rivington acquisition. As of December 31, 2025, the purchase price allocation for all assets and liabilities acquired is still preliminary. Although adjustments to the preliminary valuation

reflected in the Consolidated Financial Statements as of December 31, 2025 are possible, Federated Hermes does not expect material adjustments in the final purchase price allocation.

During the fourth quarter 2025, Federated Hermes updated its preliminary purchase price allocation. There was no material impact to the Consolidated Financial Statements as a result of this update. The following table summarizes the updated preliminary purchase price allocation determined as of the acquisition date:

(in millions)

Cash and Cash Equivalents	\$ 17.8
Goodwill <sup>1</sup>	35.6
Intangible Assets <sup>2</sup>	4.6
Other Assets	5.9
Less: Liabilities Assumed	(9.4)
Less: Fair Value of Redeemable Noncontrolling Interest in Subsidiary <sup>3</sup>	(21.8)
<b>Total Purchase Price Consideration</b>	<b>\$ 32.7</b>

<sup>1</sup> The goodwill recognized is attributable to enhanced revenue and growth opportunities from future projects and the assembled workforce of the Rivington business and is not deductible for tax purposes.

<sup>2</sup> Intangible Assets are made up of customer contracts with an estimated useful life of 8.5 years and is recorded in Intangible Assets, net on the Consolidated Balance Sheets.

<sup>3</sup> The fair value of the noncontrolling interest was determined utilizing the market approach and consideration of the overall business enterprise value.

#### FCP Acquisition

On October 23, 2025, Federated Hermes entered into an agreement to acquire a majority interest in FCP, a U.S.-based real estate investment manager. Federated Hermes will pay up to \$331.0 million in aggregate purchase price, subject to a potential post-closing purchase price adjustment, for an 80% interest in FCP. The aggregate purchase price includes \$215.8 million in cash consideration and \$23.2 million in Federated Hermes Class B common stock that will be paid and issued at closing, as well as opportunities to earn contingent consideration of up to an aggregate of \$92.0 million over multiple year periods, based on achieving certain financial thresholds. The agreement has been approved by Federated Hermes' board of directors and the executive management of FCP and is subject to approval of regulatory authorities in the U.S. The transaction also is subject to satisfaction of other agreed-upon conditions, and is expected to be completed during the second quarter 2026.

Beginning after the fifth anniversary of the closing, Federated Hermes will have certain call option rights to require the selling parties to sell their interests in FCP to Federated Hermes, and the selling parties will have certain put option rights to require Federated Hermes to acquire their interests in FCP from the selling parties.

#### (4) Revenue from Contracts with Customers

The following table presents Federated Hermes' revenue disaggregated by asset class:

<i>(in thousands)</i>	2025	2024	2023
Money market	\$ 947,989	\$ 837,948	\$ 754,074
Equity	513,278	473,065	483,650
Fixed-income	197,226	195,798	189,280
Other	142,170	125,282	182,570
Total Revenue	\$ 1,800,663	\$ 1,632,093	\$ 1,609,574

The following table presents Federated Hermes' revenue disaggregated by performance obligation:

<i>(in thousands)</i>	2025	2024	2023
Investment Advisory	\$ 1,199,236	\$ 1,097,866	\$ 1,115,783
Administrative Services	419,759	387,531	343,332
Distribution	140,058	120,276	126,350
Other	41,610	26,420	24,109
Total Revenue	\$ 1,800,663	\$ 1,632,093	\$ 1,609,574

During the years ended December 31, 2025, 2024 and 2023, Federated Hermes recorded performance fees, including carried interest, of \$12.5 million, \$11.5 million and \$65.4 million, respectively, which were recorded at a point in time and included in the investment advisory performance obligation.

The following table presents Federated Hermes' revenue disaggregated by offering type:

<i>(in thousands)</i>	2025	2024	2023
Federated Hermes Funds	\$ 1,511,881	\$ 1,373,700	\$ 1,348,591
Separate Accounts	255,762	240,422	244,952
Other	33,020	17,971	16,031
Total Revenue	\$ 1,800,663	\$ 1,632,093	\$ 1,609,574

For nearly all revenue, Federated Hermes is not required to disclose certain estimates of revenue expected to be recorded in future periods as a result of applying the following exemptions: (1) contract terms are short-term in nature (i.e., expected duration of one year or less due to termination provisions) and (2) the expected variable consideration would be allocated entirely to future service periods.

Federated Hermes expects to recognize revenue in the future related to the unsatisfied portion of certain services, primarily stewardship services, real estate development performance obligations and renewable energy project development obligations at December 31, 2025. Generally, contracts are billed in arrears on a quarterly basis and have a three-year duration, after which the customer can terminate the agreement with notice, generally from three to 12 months. Based on existing contracts and the applicable foreign exchange rates as of December 31, 2025, Federated Hermes may recognize future fixed revenue from these services as presented in the following table:

<i>(in thousands)</i>	
2026	\$ 10,443
2027	1,760
2028	561
2029 and Thereafter	224
Total Remaining Unsatisfied Performance Obligations	\$ 12,988

## (5) Concentration Risk

The following information summarizes Federated Hermes' revenue concentrations. See additional information on the risks related to such concentrations in Item 1A – Risk Factors (unaudited).

### (a) Revenue Concentration by Asset Class

The following table presents Federated Hermes' significant revenue concentration by asset class over the last three years:

	2025	2024	2023
Money Market Assets	53 %	51 %	47 %
Equity Assets	28 %	29 %	30 %
Fixed-Income Assets	11 %	12 %	12 %

The change in the relative proportion of Federated Hermes' revenue attributable to money market assets in 2025 and 2024, as compared to the same period in 2024 and 2023, respectively, was primarily the result of an increase in money market revenue due to higher average money market assets.

### (b) Revenue Concentration by Investment Offering

The following table presents Federated Hermes' revenue concentration by investment offering over the last three years:

	2025	2024	2023
Federated Government Obligations Fund	16 %	15 %	14 %
Federated Prime Cash Obligation Fund	11 %	9 %	6 %

A significant and prolonged decline in the AUM in these offerings can have a material adverse effect on Federated Hermes' future revenues and, to a lesser extent, net income, due to a related reduction in distribution expenses associated with these offerings.

### (c) Revenue Concentration by Intermediary

Approximately 9%, 10% and 11% of Federated Hermes' total revenue for 2025, 2024 and 2023, was derived from services provided to one intermediary, The Bank of New York Mellon Corporation, including its Pershing subsidiary. Significant negative changes in Federated Hermes' relationship with this intermediary can have a material adverse effect on Federated Hermes' future revenues and, to a lesser extent, net income due to a related reduction in distribution expenses associated with this intermediary.

## (6) Consolidation

The Consolidated Financial Statements include the accounts of Federated Hermes, certain Federated Hermes Funds, carried interest vehicles and other entities in which Federated Hermes holds a controlling financial interest. Federated Hermes is involved with various entities in the normal course of business that may be deemed to be VREs or VIEs. From time to time, Federated Hermes invests in Federated Hermes Funds for general corporate investment purposes or, in the case of newly launched offerings, in order to provide investable cash to establish a performance history. Federated Hermes' investment in, and/or receivables from, these Federated Hermes Funds represents its maximum exposure to loss. The assets of each consolidated Federated Hermes Fund are restricted for use by that Federated Hermes Fund. Generally, neither creditors of, nor equity investors in, the Federated Hermes Funds have any recourse to Federated Hermes' general credit. Given that the entities consolidated by Federated Hermes generally follow investment company accounting, which prescribes fair-value accounting, a deconsolidation generally does not result in the recognition of gains or losses for Federated Hermes.

In the ordinary course of business, Federated Hermes can implement Fee Waivers. For the years ended December 31, 2025, 2024 and 2023, Fee Waivers totaled \$437.4 million, \$428.0 million and \$504.5 million, respectively, of which \$325.9 million, \$319.5 million and \$389.3 million, respectively, related to money market funds which meet the scope exception of the consolidation guidance.

Like other sponsors of investment companies, Federated Hermes in the ordinary course of business could make capital contributions to certain affiliated money market Federated Hermes Funds in connection with the reorganization of such funds into certain other affiliated money market Federated Hermes Funds or in connection with the liquidation of money market

Federated Hermes Funds. In these instances, such capital contributions typically are intended to either offset realized losses or other permanent impairments to a fund's NAV, increase the market-based NAV per share of the fund's portfolio that is being reorganized to equal the market-based NAV per share of the acquiring fund or to bear a portion of expenses relating to a fund liquidation. Under current money market fund regulations and SEC guidance, Federated Hermes is required to report these types of capital contributions to U.S. money market mutual funds to the SEC as financial support to the investment company that is being reorganized or liquidated. There were no such contributions for the years ended December 31, 2025, 2024 or 2023.

In accordance with Federated Hermes' consolidation accounting policy, Federated Hermes first determines whether the entity being evaluated is a VRE or a VIE. Once this determination is made, Federated Hermes proceeds with its evaluation of whether to consolidate the entity. The disclosures below represent the results of such evaluations as of December 31, 2025 and 2024.

#### **(a) Consolidated Voting Rights Entities**

Although most of the Federated Hermes Funds meet the definition of a VRE, Federated Hermes consolidates VREs only when it is deemed to have control. Consolidated VREs are reported on Federated Hermes' Consolidated Balance Sheets primarily in Investments—Consolidated Investment Companies and Redeemable Noncontrolling Interests in Subsidiaries.

#### **(b) Consolidated Variable Interest Entities**

As of December 31, 2025 and 2024, Federated Hermes was deemed to be the primary beneficiary of, and therefore consolidated, certain entities as a result of its controlling financial interest. The following table presents the balances related to the consolidated VIEs that were included on the Consolidated Balance Sheets as well as Federated Hermes' net interest in the consolidated VIEs at December 31:

<i>(in millions)</i>	<b>2025</b>	<b>2024</b>
Cash and Cash Equivalents	<b>\$ 7.4</b>	<b>\$ 8.7</b>
Investments—Consolidated Investment Companies	<b>81.0</b>	77.8
Receivables—Affiliates	<b>0.1</b>	0.2
Other Current Assets	<b>0.5</b>	1.2
Other Long-Term Assets	<b>22.7</b>	13.9
Less: Liabilities	<b>(13.1)</b>	(8.8)
Less: Redeemable Noncontrolling Interests in Subsidiaries	<b>(44.0)</b>	(54.4)
Federated Hermes' Net Interest in VIEs	<b>\$ 54.6</b>	<b>\$ 38.6</b>

Federated Hermes' net interest in the consolidated VIEs represents the value of Federated Hermes' economic ownership interest in those VIEs.

At December 31, 2025 and 2024, a Federated Hermes consolidated VIE held foreign currency forwards, which are subject to a master netting agreement, entered into as part of the consolidated VIE's strategy. These foreign currency forwards had asset balances of \$11.9 million and \$35.7 million, recorded net of liability balances of \$11.9 million and \$35.6 million, respectively, in Other Current Liabilities and Other Current Assets, respectively, on the Consolidated Balance Sheets.

During the year ended December 31, 2025, Federated Hermes consolidated and/or deconsolidated various VIEs due to changes in its ownership in these VIEs. There was no material impact to the Consolidated Statements of Income as a result of these consolidations and deconsolidations on a net basis.

#### **(c) Non-Consolidated Variable Interest Entities**

Federated Hermes' involvement with certain Federated Hermes Funds that are deemed to be VIEs includes serving as investment manager, or, at times, holding a minority interest or both. Federated Hermes' variable interest is not deemed to absorb losses or receive benefits that can potentially be significant to the VIE. Therefore, Federated Hermes is not the primary beneficiary of these VIEs and has not consolidated these entities.

At December 31, 2025 and 2024, Federated Hermes' maximum risk of loss related to investments in variable interests in non-consolidated VIEs was \$156.8 million and \$161.1 million, respectively, (primarily recorded in Cash and Cash Equivalents on the Consolidated Balance Sheets) and was entirely related to Federated Hermes Funds. AUM for these non-consolidated Federated Hermes Funds totaled \$12.3 billion and \$10.0 billion at December 31, 2025 and 2024, respectively. Of the Receivables—Affiliates at December 31, 2025 and 2024, \$2.0 million and \$1.7 million, respectively, was related to non-consolidated VIEs and represented Federated Hermes' maximum risk of loss from non-consolidated VIE receivables.

## (7) Investments

At December 31, 2025 and 2024, Federated Hermes held investments in non-consolidated fluctuating-value Federated Hermes Funds of \$50.1 million and \$48.0 million, respectively, primarily in mutual funds which represent equity investments for Federated Hermes, and held investments in Separate Accounts of \$6.2 million at both December 31, 2025 and 2024 that were included in Investments—Affiliates and Other on the Consolidated Balance Sheets. Federated Hermes' investments held in Separate Accounts as of December 31, 2025 and 2024 were primarily composed of stocks of large domestic and foreign companies (\$3.9 million and \$2.8 million, respectively) and domestic debt securities (\$1.7 million and \$1.8 million, respectively).

Federated Hermes consolidates certain Federated Hermes Funds into its Consolidated Financial Statements as a result of its controlling financial interest in these Federated Hermes Funds (see Note (6)). All investments held by these consolidated Federated Hermes Funds were included in Investments—Consolidated Investment Companies on Federated Hermes' Consolidated Balance Sheets.

The investments held by consolidated Federated Hermes Funds as of December 31, 2025 and 2024, were composed of foreign and domestic debt securities (\$73.4 million and \$70.4 million, respectively), stocks of large foreign and domestic companies (\$7.6 million and \$7.4 million, respectively) and stocks of small and mid-sized domestic and foreign companies (\$4.5 million and \$4.7 million, respectively).

The following table presents gains and losses recognized in Gain (Loss) on Securities, net on the Consolidated Statements of Income in connection with Federated Hermes' investments:

<i>(in thousands)</i>	2025	2024	2023
<b>Investments—Consolidated Investment Companies</b>			
Net Unrealized Gains (Losses)	\$ 6,996	\$ 589	\$ 8,969
Net Realized Gains (Losses) <sup>1</sup>	3,445	538	(1,734)
<b>Net Gains (Losses) on Investments—Consolidated Investment Companies</b>	<b>10,441</b>	<b>1,127</b>	<b>7,235</b>
<b>Investments—Affiliates and Other</b>			
Net Unrealized Gains (Losses)	3,798	3,340	4,454
Net Realized Gains (Losses) <sup>1</sup>	6,881	2,136	1,492
<b>Net Gains (Losses) on Investments—Affiliates and Other</b>	<b>10,679</b>	<b>5,476</b>	<b>5,946</b>
<b>Gain (Loss) on Securities, net</b>	<b>\$ 21,120</b>	<b>\$ 6,603</b>	<b>\$ 13,181</b>

<sup>1</sup> Realized gains and losses are computed on a specific-identification basis.

## (8) Fair Value Measurements

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability as of the measurement date. A fair value reporting hierarchy exists for disclosure of fair value measurements based on the observability of the inputs to the valuation of financial assets and liabilities. The levels are:

Level 1 – Quoted prices for identical instruments in active markets. Level 1 assets can include equity and debt securities that are traded in an active exchange market, including shares of mutual funds.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 assets and liabilities may include debt and equity securities, purchased loans and over-the-counter derivative contracts whose fair value is determined using a pricing model without significant unobservable market data inputs.

Level 3 – Valuation techniques in which one or more significant inputs or significant value drivers are unobservable in active markets.

NAV Practical Expedient – Investments that calculate NAV per share (or its equivalent) as a practical expedient. These investments have been excluded from the fair value hierarchy.

### (a) Fair Value Measurements on a Recurring Basis

The following table presents fair value measurements for classes of Federated Hermes' financial assets and liabilities measured at fair value on a recurring basis at December 31:

<i>(in thousands)</i>	Level 1	Level 2	Level 3	Total
<b>2025</b>				
Financial Assets				
Cash and Cash Equivalents	\$ 582,542	\$ 0	\$ 0	\$ 582,542
Investments—Consolidated Investment Companies	12,090	73,411	0	85,501
Investments—Affiliates and Other	53,872	2,364	18	56,254
Other <sup>1</sup>	11,966	0	0	11,966
<b>Total Financial Assets</b>	<b>\$ 660,470</b>	<b>\$ 75,775</b>	<b>\$ 18</b>	<b>\$ 736,263</b>
<b>Total Financial Liabilities<sup>2</sup></b>	<b>\$ 0</b>	<b>\$ 44</b>	<b>\$ 0</b>	<b>\$ 44</b>
<b>2024</b>				
Financial Assets				
Cash and Cash Equivalents	\$ 504,441	\$ 0	\$ 0	\$ 504,441
Investments—Consolidated Investment Companies	12,090	70,351	0	82,441
Investments—Affiliates and Other	51,847	2,290	23	54,160
Other <sup>1</sup>	9,570	0	0	9,570
<b>Total Financial Assets</b>	<b>\$ 577,948</b>	<b>\$ 72,641</b>	<b>\$ 23</b>	<b>\$ 650,612</b>
<b>Total Financial Liabilities<sup>2</sup></b>	<b>\$ 0</b>	<b>\$ 2,819</b>	<b>\$ 353</b>	<b>\$ 3,172</b>

1 Amounts primarily consist of deposits and restricted cash.

2 Amounts primarily consist of derivative liabilities.

The following is a description of the valuation methodologies used for financial assets and liabilities measured at fair value on a recurring basis. Federated Hermes did not hold any nonfinancial assets or liabilities measured at fair value on a recurring basis at December 31, 2025 or 2024.

#### Cash and Cash Equivalents

Cash and Cash Equivalents include investments in money market funds and deposits with banks. Investments in money market funds totaled \$545.4 million and \$465.9 million at December 31, 2025 and 2024, respectively. Cash investments in publicly available money market funds are valued under the market approach through the use of quoted market prices in an active market, which is the NAV of the funds, and are classified within Level 1 of the valuation hierarchy.

#### Investments—Consolidated Investment Companies

Investments—Consolidated Investment Companies represent securities held by consolidated Federated Hermes Funds. For publicly traded securities available in an active market, the fair value of these securities is classified as Level 1 when the fair value is based on quoted market prices. The fair values of certain securities held by consolidated Federated Hermes Funds which are determined by third-party pricing services and utilize observable market inputs of comparable investments are classified within Level 2 of the valuation hierarchy.

#### Investments—Affiliates and Other

Investments—Affiliates and Other primarily represent investments in fluctuating-value Federated Hermes Funds, as well as investments held in Separate Accounts. For investments in fluctuating-value Federated Hermes Funds that are publicly available, the securities are valued under the market approach through the use of quoted market prices available in an active market, which is the NAV of the funds, and are classified within Level 1 of the valuation hierarchy. For publicly traded securities available in an active market, the fair value of these securities is classified as Level 1 when the fair value is based on quoted market prices. The fair values of certain securities, which are determined by third-party pricing services and utilize observable market inputs of comparable investments are classified within Level 2 of the valuation hierarchy.

### Investments using Practical Expedients

For investments in mutual funds that are not publicly available but for which the NAV is calculated monthly and for which there are redemption restrictions, the investments are valued using NAV as a practical expedient and are excluded from the fair value hierarchy. As of December 31, 2025 and 2024, these investments totaled \$22.0 million and \$19.4 million, respectively, and were recorded in Other Long-Term Assets.

#### **(b) Fair Value Measurements on a Nonrecurring Basis**

Due to an indication of potential impairment as of June 30, 2024, management measured the fair value of an indefinite-lived intangible asset related to the FHL right to manage public fund assets acquired in connection with the 2018 FHL acquisition. The fair value of this asset was determined using an income-based approach, which resulted in a fair value of \$91.3 million as of June 30, 2024 (Level 3). The key assumptions used in the fair value measurement were projected revenue growth rates, projected pre-tax profit margins and the discount rate applied to projected cash flows. The projected revenue growth rates used in the measurement were between 0% and 13% (with an average of 9%) over the 2024 through 2033 forecast period, and a normalized revenue terminal growth rate of 2.5%. Projected pre-tax profit margins were between -20% and 28% (with an average of 12%) over the same forecast period, and a normalized terminal pre-tax profit margin of 28%. The discount rate used in the fair value measurement was 17.6%. See Note (9) for additional information related to the impairment of indefinite-lived intangible assets.

Federated Hermes did not hold any assets or liabilities measured at fair value on a nonrecurring basis at December 31, 2025 and 2024.

#### **(c) Fair Value Measurements of Other Financial Instruments**

The fair value of Federated Hermes' debt is estimated by management using observable market data (Level 2). Based on this fair value estimate, the carrying value of debt appearing on the Consolidated Balance Sheets approximates fair value.

### **(9) Intangible Assets**

#### **(a) Indefinite-lived intangible assets**

Indefinite-lived intangible assets are recorded in Intangible Assets, net on the Consolidated Balance Sheets and include rights to manage fund assets (\$244.3 million and \$237.4 million at December 31, 2025 and 2024, respectively) and trade names (\$52.9 million and \$49.2 million at December 31, 2025 and 2024, respectively). The increase in indefinite-lived intangible assets at December 31, 2025 as compared to December 31, 2024 was due to an increase in the value of intangible assets denominated in a foreign currency as a result of foreign exchange rate fluctuations.

Due to actual results trailing projected results, driven by a combination of lower gross sales and higher redemptions for the quarter ended June 30, 2024, management concluded that an indicator of potential impairment existed for the indefinite-lived intangible asset related to the FHL right to manage public fund assets acquired in connection with the 2018 FHL acquisition. Management used an income-based approach, the discounted cash flow method, to value the asset as of June 30, 2024, which resulted in a non-cash impairment charge of \$66.3 million. The non-cash impairment was recorded in Operating Expenses – Intangible Asset Related on the Consolidated Statements of Income. There were no other impairments during the year ended December 31, 2024 and no impairments during the years ended December 31, 2025 and 2023.

#### **(b) Finite-lived intangible assets**

Finite-lived intangible assets primarily represent customer relationships and consist of the following at December 31:

<i>(in thousands)</i>	2025	2024
Cost	\$ 129,702	\$ 117,054
Accumulated Amortization	(95,365)	(75,787)
Carrying Value	\$ 34,337	\$ 41,267

The decrease in finite-lived intangible assets at December 31, 2025 as compared to December 31, 2024 primarily relates to amortization expense (\$13.7 million).

Amortization expense for finite-lived intangible assets was \$13.7 million, \$13.0 million and \$13.9 million in 2025, 2024 and 2023, respectively, and was recorded in Operating Expenses – Intangible Asset Related on the Consolidated Statements of Income.

Expected aggregate annual amortization expense for finite-lived intangible assets in each of the five succeeding years assuming no new acquisitions, impairments or changes in foreign exchange rates is shown in the table below:

*(in thousands)*

2026	\$ 10,165
2027	6,614
2028	5,688
2029	2,881
2030	2,486

### (c) Goodwill

Goodwill at December 31, 2025 increased \$47.3 million from December 31, 2024 primarily as a result of the Rivington acquisition (\$35.6 million) and foreign exchange rate fluctuations on goodwill denominated in a foreign currency (\$12.0 million).

### (10) Property and Equipment

Property and equipment consisted of the following at December 31:

<i>(in thousands)</i>	Estimated Useful Life	2025	2024
Computer Software and Hardware	1 to 5 years	\$ 43,532	\$ 78,770
Leasehold Improvements	Up to term of lease	46,813	41,764
Transportation Equipment	3 to 12 years	17,851	17,851
Office Furniture and Equipment	4 to 15 years	3,597	5,283
Total Cost		111,793	143,668
Accumulated Depreciation		(86,955)	(118,103)
Property and Equipment, net		\$ 24,838	\$ 25,565

Depreciation expense was \$8.3 million, \$9.1 million and \$13.0 million for the years ended December 31, 2025, 2024 and 2023, respectively, and was recorded in Operating Expenses – Office and Occupancy on the Consolidated Statements of Income.

Certain implementation costs related to software hosting arrangements that are service contracts are capitalized and amortized using the straight-line method over the term of the software license. At December 31, 2025 and 2024, \$2.8 million and \$3.2 million, respectively, are included in Prepaid Expenses and \$16.9 million and \$10.9 million, respectively, in Other Long-Term Assets on the Consolidated Balance Sheets.

## **(11) Debt**

### Unsecured Senior Notes

On March 17, 2022, pursuant to the Note Purchase Agreement, Federated Hermes issued unsecured senior notes in the aggregate amount of \$350 million, at a fixed interest rate of 3.29% per annum, payable semiannually in arrears in March and September in each year of the agreement. Citigroup Global Markets Inc. and PNC Capital Markets LLC acted as lead placement agents in relation to the \$350 million Notes and certain subsidiaries of Federated Hermes are guarantors of the obligations owed under the Note Purchase Agreement. The Note Purchase Agreement is recorded, net of unamortized issuance costs, in Long-Term Debt on the Consolidated Balance Sheets and was \$348.4 million and \$348.1 million at December 31, 2025 and 2024, respectively.

The entire principal amount of the \$350 million Notes will become due March 17, 2032, subject to certain prepayment requirements under limited conditions. Federated Hermes can elect to prepay the \$350 million Notes under certain limited circumstances including with a make-whole amount if prepaid without the consent of the holders of the \$350 million Notes. The Note Purchase Agreement does not feature a facility for the further issuance of additional notes or borrowing of any other amounts and there is no commitment fee payable in connection with the \$350 million Notes.

The Note Purchase Agreement includes representations and warranties, affirmative and negative financial covenants, including an interest coverage ratio covenant and a leverage ratio covenant, reporting requirements, other non-financial covenants and other customary terms and conditions. Federated Hermes was in compliance with all of its covenants at and during the period ended December 31, 2025. See the Liquidity and Capital Resources section of Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations (unaudited) for additional information.

The Note Purchase Agreement includes certain stated events of default and cross default provisions which would permit the lenders/counterparties to accelerate the repayment of the \$350 million Notes if not cured within the applicable grace periods. The events of default generally include breaches of contract, failure to make required payments, insolvency, certain material misrepresentations and other proceedings, whether voluntary or involuntary, that would require repayment of the \$350 million Notes prior to their stated date of maturity. Any such accelerated amounts would accrue interest at a default rate and can include an additional make-whole amount upon repayment. The \$350 million Notes rank without preference or priority in relation to other unsecured and senior indebtedness of Federated Hermes.

### Revolving Credit Facility

The Credit Agreement consists of a \$350 million revolving credit facility with an additional \$200 million available via an optional increase (or accordion) feature. Borrowings under the Credit Agreement may be used for general corporate purposes, including, without limitation, stock repurchases, dividend payments (including any special dividend payments), and acquisitions.

As of December 31, 2025, the interest on borrowings from the revolving credit facility is calculated at the term Secured Overnight Financing Rate (SOFR) which includes a benchmark adjustment based on its historical relationship to the London Interbank Offering Rate (LIBOR). The borrowings under the revolving credit facility may include up to \$50 million for which interest is calculated at the daily SOFR plus a spread unless a base rate option is elected (Swing Line). Effective July 1, 2023, Federated Hermes began using SOFR as a replacement to LIBOR in order to calculate interest on borrowings, if any, as permitted by the Credit Agreement. This was only a change to the rate index used for future borrowings under the Credit Agreement due to the discontinuance of LIBOR in the market and was not an amendment to the Credit Agreement.

The Credit Agreement, which expires on July 30, 2026, has no principal payment schedule, but instead requires that any outstanding principal be repaid by the expiration date. Federated Hermes, however, can elect to make discretionary principal payments. There was no activity on the Credit Agreement during 2025.

As of December 31, 2025 and 2024, there were no outstanding borrowings under the revolving credit facility. The commitment fee under the Credit Agreement is 0.10% per annum on the daily unused portion of each Lender’s commitment. As of December 31, 2025, Federated Hermes has \$350 million available for borrowings under the revolving credit facility and an additional \$200 million available via its optional accordion feature.

The Credit Agreement includes representations and warranties, affirmative and negative financial covenants, including an interest coverage ratio covenant and a leverage ratio covenant, reporting requirements, other non-financial covenants and other customary terms and conditions. Federated Hermes was in compliance with all covenants at and during the year ended

December 31, 2025. See the Liquidity and Capital Resources section of Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations (unaudited) for additional information.

The Credit Agreement also has certain stated events of default and cross default provisions which would permit the lenders/ counterparties to accelerate the repayment of debt outstanding if not cured within the applicable grace periods. The events of default generally include breaches of contract, failure to make required loan payments, insolvency, cessation of business, notice of lien or assessment and other proceedings, whether voluntary or involuntary, that would require the repayment of amounts borrowed. The Credit Agreement also requires certain subsidiaries to enter into a Third Amended and Restated Continuing Agreement of Guaranty and Suretyship to guarantee payment of all obligations incurred through the Credit Agreement.

### **(12) Employee Benefit Plans**

Federated Hermes offers defined contribution plans to its employees. The total expense for these plans recognized in Operating Expenses – Compensation and Related amounted to \$17.3 million, \$16.9 million and \$14.4 million for 2025, 2024 and 2023, respectively.

### **(13) Share-Based Compensation**

Federated Hermes’ long-term stock-incentive compensation is provided under the Stock Incentive Plan, as amended and subsequently approved by shareholders from time to time. Share-based awards are granted to reward Federated Hermes’ employees and non-management directors who have contributed to the success of Federated Hermes and to provide incentive to increase their efforts on behalf of Federated Hermes. Since the Stock Incentive Plan’s inception, a total of 36.1 million shares of Class B common stock have been authorized for granting share-based awards in the form of restricted stock, stock options or other share-based awards. As of December 31, 2025, 2.3 million shares are available under the Stock Incentive Plan.

Share-based compensation expense recognized in Operating Expenses – Compensation and Related was \$29.1 million, \$28.8 million and \$33.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. The associated tax benefits recorded in connection with share-based compensation expense were \$7.0 million, \$7.0 million and \$8.3 million for the years ended December 31, 2025, 2024 and 2023, respectively. At December 31, 2025, the maximum remaining unrecognized compensation expense related to share-based awards approximated \$92 million which is expected to be recognized over a weighted-average period of approximately seven years.

Federated Hermes’ restricted stock awards represent shares of Federated Hermes Class B common stock that may be sold by the awardee only once restrictions lapse, as dictated by the terms of the award. The awards are generally subject to graded vesting schedules that vary in length from three to ten years with a portion of the award vesting on specified anniversaries, as dictated by the terms of the award. The restrictions on the vested portion of an award typically lapse on specified anniversary dates of an award (e.g., for U.S. employees, the award’s fifth- and tenth-year anniversaries, and for non-U.S. employees, generally, for awards prior to November 2025, the award’s sixth, seventh and eighth anniversaries which extend beyond the five-year vesting period in an effort to continue to align the employees’ and Federated Hermes’ interests during the restriction period and for awards effective November 2025 or later, the award’s fifth anniversary). Certain restricted stock awards granted pursuant to a key employee bonus program have a three-year graded vesting schedule with restrictions lapsing at each vesting date. During these restriction periods, the recipient receives dividends on all shares awarded, regardless of their vesting status.

The following table summarizes activity of non-vested restricted stock awards for the year ended December 31, 2025:

	Restricted Shares	Weighted- Average Grant- Date Fair Value
Non-vested at January 1, 2025	3,637,315	\$ 32.21
Granted <sup>1</sup>	812,520	42.22
Vested	(896,576)	32.07
Forfeited	(71,640)	33.07
<b>Non-vested at December 31, 2025</b>	<b>3,481,619</b>	<b>\$ 34.43</b>

*1 During 2025, Federated Hermes awarded 69,500 shares of restricted Class B common stock under the U.K. Sub-Plan that generally vest over a five-year period. Federated Hermes awarded 394,020 shares of restricted Class B common stock in connection with a bonus program in which certain key employees received a portion of their bonus in the form of restricted stock under the Stock Incentive Plan. This bonus restricted stock generally vests over a three-year period. In addition, Federated Hermes awarded 349,000 shares of restricted Class B common stock under this same Plan that generally vest over a ten-year period.*

Federated Hermes awarded 812,520 shares of restricted Class B common stock with a weighted-average grant-date fair value of \$42.22 to employees during 2025; awarded 921,107 shares of restricted Class B common stock with a weighted-average grant-date fair value of \$37.87 to employees during 2024; and awarded 876,296 shares of restricted Class B common stock with a weighted-average grant-date fair value of \$34.20 to employees during 2023.

The total fair value of restricted stock vested during 2025, 2024 and 2023 was \$37.9 million, \$36.0 million and \$49.5 million, respectively.

#### **(14) Common Stock**

The Class A Shareholder has the entire voting rights of Federated Hermes; however, without the consent of the majority of the holders of Class B common stock, the Class A Shareholder cannot alter Federated Hermes' structure, dispose of all or substantially all of its assets, amend its Articles of Incorporation or Bylaws to adversely affect the Class B common shareholders, or liquidate or dissolve Federated Hermes. With respect to dividends, distributions and liquidation rights, the Class A common stock and Class B common stock have equal preferences and rights.

##### **(a) Dividends**

Cash dividends of \$104.9 million, \$184.8 million and \$98.1 million were paid in 2025, 2024 and 2023, respectively, to holders of Federated Hermes common stock. Of the amount paid in 2024, \$84.2 million represented a \$1.00 per share special dividend. All dividends were considered ordinary dividends for tax purposes.

##### **(b) Treasury Stock**

In October 2023, the board of directors authorized a share repurchase program with no stated expiration date that allowed the repurchase of up to 5.0 million shares of Class B common stock. This program was fulfilled in March 2025. In October 2024, the board of directors authorized a share repurchase program with no stated expiration date that allowed the repurchase of up to 5.0 million shares of Class B common stock. This program was fulfilled in December 2025. In July 2025, the board of directors authorized an additional share repurchase program with no stated expiration date that allows the repurchase of up to 5.0 million shares of Class B common stock. No other program existed as of December 31, 2025. The program authorizes executive management to determine the timing and the amount of shares for each purchase. The repurchased stock is to be held in treasury for employee share-based compensation plans, potential acquisitions and other corporate activities, unless Federated Hermes' board of directors subsequently determines to retire the repurchased stock and restore the shares to authorized but unissued status (rather than holding the shares in treasury). During the year ended December 31, 2025, Federated Hermes repurchased 6.2 million shares of its Class B common stock for \$263.4 million, nearly all of which were repurchased in the open market. At December 31, 2025, 4.6 million shares remained available to be repurchased under this share repurchase program.

## (15) Income Taxes

Income Tax Provision consisted of the following expense/(benefit) components for the years ended December 31:

<i>(in thousands)</i>	2025	2024	2023
<b>Current:</b>			
Federal	\$ 105,825	\$ 112,218	\$ 91,194
State	16,349	15,419	11,645
Foreign	488	477	(540)
<b>Total Current</b>	<b>122,662</b>	<b>128,114</b>	<b>102,299</b>
<b>Deferred:</b>			
Federal	12,638	(4,760)	3,686
State	(448)	(446)	(185)
Foreign	(1,421)	(9,729)	751
<b>Total Deferred</b>	<b>\$ 10,769</b>	<b>\$ (14,935)</b>	<b>\$ 4,252</b>
<b>Total</b>	<b>\$ 133,431</b>	<b>\$ 113,179</b>	<b>\$ 106,551</b>

The components of income before income taxes consisted of the following for the years ended December 31:

<i>(in thousands)</i>	2025	2024	2023
U.S.	\$ 575,627	\$ 502,997	\$ 449,420
Non-U.S.	(28,101)	(121,388)	(38,088)
<b>Income Before Income Taxes</b>	<b>\$ 547,526</b>	<b>\$ 381,609</b>	<b>\$ 411,332</b>

The reconciliation between income tax expense/(benefit) and the statutory income tax rate consisted of the following for the years ended December 31:

<i>(dollars in thousands)</i>	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>U.S. Federal Statutory Tax Rate</b>	<b>\$ 114,980</b>	<b>21.0 %</b>	<b>\$ 80,138</b>	<b>21.0 %</b>	<b>\$ 86,380</b>	<b>21.0 %</b>
<b>State and Local Income Taxes, Net of Federal Income Tax Effect <sup>1</sup></b>	<b>12,836</b>	<b>2.4</b>	<b>11,814</b>	<b>3.1</b>	<b>9,491</b>	<b>2.3</b>
<b>Foreign Tax Effects</b>						
U.K.						
Statutory tax rate difference between U.K. & U.S.	(1,194)	(0.2)	(4,851)	(1.3)	(1,391)	(0.3)
Other Nontaxable or Nondeductible Items	(1,454)	(0.3)	1,746	0.5	2,969	0.7
Nontaxable dividend income	(4,378)	(0.8)	(8,051)	(2.1)	(1,248)	(0.3)
Net Valuation Allowance	12,021	2.2	26,550	7.0	7,731	1.9
Other Foreign Jurisdictions	(26)	0.0	846	0.2	147	0.0
<b>Effects of Cross-Border Tax Laws</b>						
Subpart F and Foreign-Derived Deduction Eligible Income	1,724	0.3	2,100	0.6	1,282	0.3
<b>Tax Credits</b>						
Research & Development Tax Credit	(1,986)	(0.4)	0	0.0	0	0.0
<b>Nontaxable or Nondeductible Items</b>						
Executive Compensation Disallowance	4,596	0.9	4,256	1.1	3,920	1.0
Other	(1,698)	(0.3)	(1,410)	(0.4)	(1,055)	(0.3)
<b>Changes in Unrecognized Tax Benefits</b>	<b>636</b>	<b>0.1</b>	<b>14</b>	<b>0.0</b>	<b>(432)</b>	<b>(0.1)</b>
<b>Other Adjustments</b>	<b>(2,626)</b>	<b>(0.5)</b>	<b>27</b>	<b>0.0</b>	<b>(1,243)</b>	<b>(0.3)</b>
<b>Effective Tax Rate</b>	<b>\$ 133,431</b>	<b>24.4 %</b>	<b>\$ 113,179</b>	<b>29.7 %</b>	<b>\$ 106,551</b>	<b>25.9 %</b>

<sup>1</sup> State taxes in New York and local tax in New York City made up the majority (greater than 50 percent) of the tax effect in this category in 2025 and 2024 and New York, New York City and California in 2023.

The effective tax rate for 2025 decreased to 24.4% as compared to the effective tax rate for 2024 of 29.7% primarily due to the impact in 2024 of a valuation allowance on foreign deferred tax assets and the impairment of an indefinite-lived intangible asset.

Income taxes paid (net of refunds) consisted of the following for the years ended December 31:

<i>(in thousands)</i>	2025	2024	2023
Federal	\$ 109,200	\$ 110,400	\$ 93,300
State	15,347	15,213	14,107
Foreign	95	209	626
<b>Total Taxes Paid</b>	<b>\$ 124,642</b>	<b>\$ 125,822</b>	<b>\$ 108,033</b>

U.S. is the only jurisdiction which exceeds the quantitative threshold of 5% of the total income taxes paid (net of refunds received).

The tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities consisted of the following at December 31:

<i>(in thousands)</i>	2025	2024
<b>Deferred Tax Assets</b>		
Tax Net Operating Loss Carryforwards	\$ 118,304	\$ 110,704
Lease Liability	26,006	27,480
Compensation and Related	22,742	15,272
Other	2,255	10,826
Total Deferred Tax Assets	169,307	164,282
Valuation Allowance	(108,519)	(100,214)
Total Deferred Tax Asset, net of Valuation Allowance	\$ 60,788	\$ 64,068
<b>Deferred Tax Liabilities</b>		
Intangible Assets	\$ 208,281	\$ 204,885
Right-of-Use Asset	23,885	25,651
Other	12,164	4,489
Total Gross Deferred Tax Liability	\$ 244,330	\$ 235,025
Net Deferred Tax Liability	\$ 183,542	\$ 170,957

At December 31, 2025, Federated Hermes had deferred tax assets related to state and foreign tax net operating loss carryforwards in certain taxing jurisdictions in the aggregate of \$118.3 million. The state net operating losses will expire through 2045, while most foreign net operating losses do not expire. A valuation allowance has been recognized for \$30.1 million (or 99.8%) of the deferred tax asset for state tax net operating losses, and for \$78.4 million (or 89.0%) of the deferred tax asset for foreign tax net operating losses. The valuation allowances were recorded due to management's belief that it is more likely than not that Federated Hermes will not realize the full benefit of these net operating losses. For the deferred tax asset, net of valuation allowance related to foreign net operating losses, management has relied on future reversals of temporary taxable differences to support the realizable portion of the deferred tax asset.

At December 31, 2024, Federated Hermes had deferred tax assets related to state and foreign tax net operating loss carryforwards in certain taxing jurisdictions in the aggregate of \$110.7 million. The state net operating losses will expire through 2044, while most foreign net operating losses do not expire. A valuation allowance has been recognized for \$38.3 million (or 99.6%) of the deferred tax asset for state tax net operating losses, and for \$62.0 million (or 85.7%) of the deferred tax asset for foreign tax net operating losses. The valuation allowances were recorded due to management's belief that it is more likely than not that Federated Hermes will not realize the full benefit of these net operating losses. For the deferred tax asset, net of valuation allowance related to foreign net operating losses, management has relied on future reversals of temporary taxable differences to support the realizable portion of the deferred tax asset.

Federated Hermes' remaining deferred tax assets as of December 31, 2025 and 2024 primarily related to lease liabilities reported pursuant to ASC 842 and U.S. compensation and related expenses that have been recognized for book purposes but are not yet deductible for tax purposes. Management believes that it is more likely than not that Federated Hermes will receive the

full benefit of these deferred tax assets due to the expectation that Federated Hermes will generate taxable income greater than these amounts in the years they become deductible.

Federated Hermes and its subsidiaries file annual income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and in certain foreign jurisdictions. Federated Hermes' U.S. federal tax returns for tax years 2022 to 2025 remain open to examination, while filings in its major state tax jurisdictions from tax years 2021 to 2025 generally remain open to examination.

Federated Hermes' balance of unrecognized tax benefits, excluding interest and penalties, at December 31, 2025, 2024 and 2023 was \$1.6 million, \$1.0 million and \$0.9 million, respectively.

## (16) Earnings Per Share Attributable to Federated Hermes, Inc. Shareholders

The following table sets forth the computation of basic and diluted earnings per share using the two-class method for amounts attributable to Federated Hermes for the years ended December 31:

<i>(in thousands, except per share data)</i>	2025	2024	2023
<b>Numerator</b>			
Net Income Attributable to Federated Hermes, Inc.	\$ 403,299	\$ 268,314	\$ 298,980
Less: Total Net Income Available to Participating Unvested Restricted Shareholders <sup>1</sup>	(18,140)	(11,605)	(13,981)
Total Net Income Attributable to Federated Hermes Common Stock – Basic and Diluted	\$ 385,159	\$ 256,709	\$ 284,999
<b>Denominator</b>			
Basic Weighted-Average Federated Hermes Common Stock <sup>2</sup>	75,101	79,426	83,858
Dilutive Impact from Non-forfeitable Restricted Stock	2	4	5
Diluted Weighted-Average Federated Hermes Common Stock <sup>2</sup>	75,103	79,430	83,863
<b>Earnings Per Share</b>			
Net Income Attributable to Federated Hermes Common Stock – Basic and Diluted <sup>2</sup>	\$ 5.13	\$ 3.23	\$ 3.40

1 Includes dividends paid on unvested restricted Federated Hermes Class B common stock and their proportionate share of undistributed earnings attributable to Federated Hermes shareholders.

2 Federated Hermes common stock excludes unvested restricted stock which are deemed participating securities in accordance with the two-class method of computing earnings per share, except for circumstances where shares vest upon retirement and the employee has reached retirement age.

## (17) Leases

Federated Hermes has material operating leases related to its corporate headquarters in Pittsburgh, Pennsylvania. These leases expire in 2030 and have renewal options for additional periods through 2040. These leases include provisions for leasehold improvement incentives, rent escalation and certain penalties for early termination. In addition, Federated Hermes has various other operating lease agreements primarily for facilities. These leases are noncancelable and expire on various dates through the year 2055. Most leases include renewal options for additional rental periods that would end on various dates through 2041 and, in certain cases, escalation clauses. The value of the ROU assets and lease liabilities recognized do not include the consideration of any renewal options, as they are not yet reasonably certain to be exercised.

Federated Hermes may enter into, modify or terminate certain leases in accordance with the lease agreements. During the year ended December 31, 2025, these transactions resulted in non-cash increases of \$3.4 million, \$3.0 million and \$6.4 million to Right-of-Use Assets, net, Other Long-Term Assets and Lease Liabilities, respectively, on the Consolidated Balance Sheets. During the years ended December 31, 2024 and 2023, these transactions resulted in non-cash increases of \$20.0 million and \$20.3 million, respectively, to Right-of-Use Assets, net and Lease Liabilities (both current and long-term) on the Consolidated Balance Sheets.

During the years ended December 31, 2025, 2024 and 2023, Federated Hermes recorded \$19.8 million, \$19.2 million and \$19.5 million, respectively, in operating lease costs to Operating Expenses – Office and Occupancy on the Consolidated Statements of Income.

The following table reconciles future minimum undiscounted payments of the operating lease liabilities recorded on the Consolidated Balance Sheets as of December 31, 2025:

*(in millions)*

2026	\$ 20.7
2027	19.8
2028	19.2
2029	19.3
2030	15.1
2031 and Thereafter	37.3
<b>Total Undiscounted Lease Payments</b>	<b>\$ 131.4</b>
Present Value Adjustment <sup>1</sup>	(22.8)
<b>Net Operating Lease Liabilities</b>	<b>\$ 108.6</b>

<sup>1</sup> Calculated using the IBR for each lease.

The following information relates to the operating leases recorded on the Consolidated Balance Sheets as of December 31, 2025:

Weighted-average remaining lease term (in years)	7.8
Weighted-average discount rate (IBR)	4.3 %
Cash paid in 2025 for the amounts included in the measurement of lease liabilities (in millions)	\$ 17.7

#### **(18) Accumulated Other Comprehensive Income (Loss) Attributable to Federated Hermes, Inc. Shareholders**

Accumulated Other Comprehensive Income (Loss), net of tax attributable to Federated Hermes shareholders resulted from foreign currency translation gain (loss):

*(in thousands)*

Balance at December 31, 2022	\$ (45,676)
Other Comprehensive Income (Loss)	25,765
Balance at December 31, 2023	\$ (19,911)
Other Comprehensive Income (Loss)	(12,172)
Balance at December 31, 2024	\$ (32,083)
Other Comprehensive Income (Loss)	38,567
<b>Balance at December 31, 2025</b>	<b>\$ 6,484</b>

## (19) Redeemable Noncontrolling Interests in Subsidiaries

The following table presents the changes in Redeemable Noncontrolling Interests in Subsidiaries:

<i>(in thousands)</i>	Consolidated Investment Companies	Other Entities	Total
Balance at January 1, 2023	\$ 50,317	\$ 11,504	\$ 61,821
Net Income (Loss)	5,311	490	5,801
Other Comprehensive Income (Loss), net of tax	(8)	593	585
Subscriptions—Redeemable Noncontrolling Interest Holders	72,463	360	72,823
Consolidation/(Deconsolidation)	(75,225)	0	(75,225)
Distributions to Noncontrolling Interests in Subsidiaries	(38,517)	(1,443)	(39,960)
Balance at December 31, 2023	\$ 14,341	\$ 11,504	\$ 25,845
Net Income (Loss)	(643)	759	116
Other Comprehensive Income (Loss), net of tax	(1,049)	362	(687)
Subscriptions—Redeemable Noncontrolling Interest Holders	68,513	631	69,144
Consolidation/(Deconsolidation)	(7,646)	0	(7,646)
Distributions to Noncontrolling Interests in Subsidiaries	(28,431)	(2,827)	(31,258)
Balance at December 31, 2024	\$ 45,085	\$ 10,429	\$ 55,514
Net Income (Loss)	12,142	(1,346)	10,796
Other Comprehensive Income (Loss), net of tax	2,677	(154)	2,523
Subscriptions—Redeemable Noncontrolling Interest Holders	163,519	403	163,922
Consolidation/(Deconsolidation)	(154,404)	0	(154,404)
Distributions to Noncontrolling Interests in Subsidiaries	(32,386)	(3,028)	(35,414)
Business Acquisition	0	23,592	23,592
<b>Balance at December 31, 2025</b>	<b>\$ 36,633</b>	<b>\$ 29,896</b>	<b>\$ 66,529</b>

## (20) Commitments and Contingencies

### (a) Contractual

From time to time, pursuant to agreements entered into in connection with certain transactions, Federated Hermes is obligated to make future payments under various agreements to which it is a party.

### (b) Guarantees and Indemnifications

On an intercompany basis, various subsidiaries of Federated Hermes guarantee certain financial obligations of Federated Hermes, Inc., and of other consolidated subsidiaries, and Federated Hermes, Inc. guarantees certain financial and performance-related obligations of various wholly-owned subsidiaries. Federated Hermes or its subsidiaries also can guarantee the obligations of certain offerings, such as direct lending funds, as a condition to making seed or other investments in them.

In addition, in the normal course of business, Federated Hermes has entered into contracts that provide a variety of indemnifications. Typically, obligations to indemnify third parties arise in the context of contracts entered into by Federated Hermes, under which Federated Hermes agrees to hold the other party harmless against losses arising out of the contract, provided the other party's actions are not deemed to have breached an agreed-upon standard of care. In each of these circumstances, payment by Federated Hermes is contingent on the other party making a claim for indemnity, subject to Federated Hermes' right to challenge the claim. Further, Federated Hermes' obligations under these agreements can be limited in terms of time and/or amount. It is not possible to predict the maximum potential amount of future payments under these or similar agreements due to the conditional nature of Federated Hermes' obligations and the unique facts and circumstances involved in each particular agreement. As of December 31, 2025, management does not believe that a material loss related to any of these matters is reasonably possible.

### **(c) Legal Proceedings**

On January 5, 2026, Hermes GPE LLP (HGPE), a wholly-owned subsidiary of Federated Hermes, Inc. based in London, England, acknowledged service of “Particulars of Claim” served on it and Hermes Infrastructure II GP LLP (General Partner) in the High Court of Justice, Business and Property Courts of England and Wales, Chancery Division (Court), on December 19, 2025 by Aberdeen City Council as the administering authority of the Aberdeen City Council Pension Fund (also known as the North East Scotland Pension Fund) (Plaintiff). Without alleging specified damages, Plaintiff had taken initial steps to institute legal proceedings against HGPE and General Partner by filing a Claim Form with the Court on August 5, 2025.

HGPE sponsors and serves as investment manager to the Hermes Infrastructure Fund II (the Fund). General Partner serves as the general partner of the Fund. In 2019, the Fund made an approximately £90 million initial (approximately £104 million in total) investment in a group of companies holding a portfolio of five onshore wind farms in Sweden known as the “Ventus Portfolio.” According to Plaintiff’s Particulars of Claim, Plaintiff is asserting derivative claims on behalf of the Fund’s General Partner against HGPE for professional negligence and breach of the Fund’s limited partnership agreement in connection with the Fund’s investment in the Ventus Portfolio, which declined in value since 2019. According to Plaintiff’s Particulars of Claim, Plaintiff also is asserting direct claims against General Partner for breach of duty under the Fund’s limited partnership agreement in failing to oversee and hold HGPE to the terms of its appointment as manager of the Fund in connection with the Fund’s investment in the Ventus Portfolio. The Plaintiff alleges that HGPE was negligent in making the 2019 investment in the Ventus Portfolio. The Plaintiff’s derivative claim, which is based on the Fund’s entire investment in the Ventus Portfolio, seeks approximately £87 million of the alleged diminished value of the Ventus Portfolio (approximately \$118 million as of February 23, 2026) and other unquantified damages. The Plaintiff’s direct claims against General Partner based on the size of its individual investment in the Fund seek approximately 38.1% of the approximately £87 million of the alleged diminished value of the Ventus Portfolio (approximately \$45 million as of February 23, 2026).

Federated Hermes, HGPE and General Partner deny Plaintiff’s allegations, believe the claims are without merit, and intend to vigorously defend against such claims. General Partner does not believe that HGPE is liable to the Fund. Based on information currently available, Federated Hermes does not believe that the outcome of this matter will have a material adverse effect on its consolidated financial position, results of operations, or cash flows given, among other reasons, the lack of merit to Plaintiff’s allegations and claims. Out of an abundance of caution, a claim has been filed with Federated Hermes’ insurers under its insurance policy for the appropriate policy period.

In addition, like other companies, Federated Hermes has other claims asserted and threatened against it in the ordinary course of business. As of December 31, 2025, Federated Hermes does not believe that a material loss related to any of these claims is reasonably possible.

### **(d) Other**

During the first quarter 2023, an administrative error was identified related to a failure to register certain shares of a Federated Hermes closed-end tender fund. Federated Hermes has incurred costs totaling \$23.2 million as of December 31, 2025 related to correcting this issue, of which \$17.9 million represents a settlement with affected shareholders that was paid during the second quarter 2023. Management believes an insurance reimbursement of \$15.9 million is probable based on the contractual terms of the insurance policies. Accordingly, \$15.9 million has been recorded to Other Long-Term Assets at December 31, 2025. The insurance claim is now the subject of litigation with two of Federated Hermes’ insurance carriers. Changes to these estimates, which are contingent upon resolution of the insurance claim with the applicable insurers, can be materially different from the amount Federated Hermes has recorded.

## (21) Segment and Geographic Information

Federated Hermes operates in one operating segment, the investment management business. Federated Hermes' CEO is the CODM. The CODM utilizes a consolidated approach to allocate resources and assess performance.

The CODM assesses performance and decides how to allocate resources based on revenue and net income as reported on the Consolidated Statements of Income. The measure of segment assets is reported on the Consolidated Balance Sheets as Total Assets.

The CODM uses revenue and net income in making key operating decisions, including approvals for business acquisitions, high-level compensation decisions, determination of shareholder dividends, including special dividends, repurchasing company stock, developing and seeding new offerings, modifying existing offerings and determining funding of significant technology projects.

Federated Hermes' revenue from U.S. and non-U.S. operations were as follows for the years ended December 31:

<i>(in thousands)</i>	2025	2024	2023
U.S.	\$ 1,557,819	\$ 1,384,559	\$ 1,291,959
Non-U.S. <sup>1</sup>	242,844	247,534	317,615
<b>Total Revenue</b>	<b>\$ 1,800,663</b>	<b>\$ 1,632,093</b>	<b>\$ 1,609,574</b>

*1 This represents revenue earned by non-U.S. domiciled subsidiaries, primarily in the U.K.*

Federated Hermes' Right-of-Use Assets, net and Property and Equipment, net for U.S. and non-U.S. operations were as follows at December 31:

<i>(in thousands)</i>	2025	2024
U.S.	\$ 89,664	\$ 105,110
Non-U.S. <sup>1</sup>	30,967	25,165
<b>Total Right-of-Use Assets, net and Property and Equipment, net<sup>1</sup></b>	<b>\$ 120,631</b>	<b>\$ 130,275</b>

*1 This represents net assets of non-U.S. domiciled subsidiaries, primarily in the U.K.*

## (22) Subsequent Events

On January 29, 2026, the board of directors declared a \$0.34 per share dividend. The dividend was payable to shareholders of record as of February 6, 2026, resulting in \$25.9 million being paid on February 13, 2026.

## **ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A – CONTROLS AND PROCEDURES**

#### Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Federated Hermes carried out an evaluation, under the supervision and with the participation of management, including Federated Hermes' President and CEO and Chief Financial Officer, of the effectiveness of Federated Hermes' disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2025. Based upon that evaluation, the President and CEO and the Chief Financial Officer concluded that Federated Hermes' disclosure controls and procedures were effective at December 31, 2025.

#### Management's Report on Internal Control Over Financial Reporting

See Item 8 – Financial Statements and Supplementary Data – Management's Assessment of Internal Control Over Financial Reporting for information required by this item, which is incorporated herein.

#### Attestation Report of Independent Registered Public Accounting Firm

See Item 8 – Financial Statements and Supplementary Data – Report of Independent Registered Public Accounting Firm for information required by this item, which is incorporated herein.

#### Changes in Internal Control Over Financial Reporting

There have been no changes in Federated Hermes' internal control over financial reporting that occurred during the fourth quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, Federated Hermes' internal control over financial reporting.

### **ITEM 9B – OTHER INFORMATION**

#### **Insider Trading Arrangements**

While certain officers have elected in advance to satisfy tax obligations arising from the vesting of awards of periodic and bonus restricted Federated Hermes Class B Common Stock through the sale of sufficient shares of such stock necessary to satisfy such tax obligations in the open-market, no director or officer adopted, modified or terminated a Rule 10b5-1(c) or a non-Rule 10b5-1(c) trading arrangement during the fiscal quarter ended December 31, 2025.

### **ITEM 9C – DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.

## **PART III**

### **ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item (other than the information set forth below) is contained in Federated Hermes' Information Statement for the 2026 Annual Meeting of Shareholders under the captions Board of Directors and Election of Directors and Security Ownership – Delinquent Section 16(a) Reports, and is incorporated herein by reference.

#### **Executive Officers**

The information required by this Item with respect to Federated Hermes' executive officers is contained in Item 1 of Part I of this Form 10-K under the caption Information about our Executive Officers.

#### **Code of Ethics**

In October 2003, Federated Hermes adopted a code of ethics for its senior financial officers. This code, updated in January 2024, meets the requirements provided by Item 406 of Regulation S-K and is incorporated by reference in Part IV, Item 15(b) of this Form 10-K as Exhibit 14.04. The code of ethics is available at [www.FederatedHermes.com](http://www.FederatedHermes.com). In the event that Federated Hermes amends or waives a provision of this code and such amendment or waiver relates to any element of the code of ethics definition enumerated in paragraph (b) of Item 406 of Regulation S-K, Federated Hermes would post such information on its website.

### **ITEM 11 – EXECUTIVE COMPENSATION**

The information required by this Item is contained in Federated Hermes' Information Statement for the 2026 Annual Meeting of Shareholders under the captions Board of Directors and Election of Directors and Executive Compensation and is incorporated herein by reference.

### **ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

See Note (13) to the Consolidated Financial Statements for information regarding Federated Hermes' share-based compensation plan as of December 31, 2025. Federated Hermes had no other plans to grant shares of Class B common stock to employees not approved by shareholders.

All other information required by this Item is contained in Federated Hermes' Information Statement for the 2026 Annual Meeting of Shareholders under the caption Security Ownership and is incorporated herein by reference.

### **ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item is contained in Federated Hermes' Information Statement for the 2026 Annual Meeting of Shareholders under the captions Related Person Transactions, Conflict of Interest Policies and Procedures and Board of Directors and Election of Directors and is incorporated herein by reference.

### **ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our independent registered public accounting firm is Ernst & Young LLP, Pittsburgh, PA, Auditor Firm ID: 42. The information required by this Item is contained in Federated Hermes' Information Statement for the 2026 Annual Meeting of Shareholders under the caption Independent Registered Public Accounting Firm and is incorporated herein by reference.

## PART IV

### ITEM 15 – EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

#### (a) Documents filed as part of this report:

##### (1) Financial Statements

The information required by this item is included in Item 8 – Financial Statements and Supplementary Data, which is incorporated herein.

##### (2) Financial Statement Schedules

All schedules for which provisions are made in the applicable accounting regulations of the SEC have been omitted because such schedules are not required under the related instructions, are inapplicable, or the required information is included in the financial statements or notes thereto included in this Form 10-K.

#### (b) Exhibits:

The following exhibits are filed or incorporated as part of this Form 10-K:

Exhibit Number	Description
<a href="#">2.01</a>	Agreement and Plan of Merger, dated as of February 20, 1998, between Federated Investors and Federated (incorporated by reference to Exhibit 2.01 to the Registration Statement on Form S-4 (File No. 333-48361))
<a href="#">2.02</a>	Asset Purchase Agreement dated as of October 20, 2000, by and among Federated Investors, Inc., Edgemont Asset Management Corporation, Lawrence Auriana and Hans P. Utsch (incorporated by reference to Exhibit 2.1 of Amendment No. 2 to the Current Report on Form 8-K dated April 20, 2001, filed with the Securities and Exchange Commission on July 3, 2001 (File No. 001-14818))
<a href="#">2.03</a>	Amendment No. 1, dated April 11, 2001, to the Asset Purchase Agreement dated as of October 20, 2000, by and among Federated Investors, Inc., Edgemont Asset Management Corporation, Lawrence Auriana and Hans P. Utsch (incorporated by reference to Exhibit 2.2 of Amendment No. 2 to the Current Report on Form 8-K dated April 20, 2001, filed with the Securities and Exchange Commission on July 3, 2001 (File No. 001-14818))
<a href="#">2.09</a>	Share Sale Agreement, dated April 12, 2018, among BT Pension Scheme Trustees Limited, as trustee for and on behalf of the BT Pension Scheme, and Federated Holdings (U.K.) II Limited and Federated Investors, Inc. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K dated April 13, 2018 (File No. 001-14818))
<a href="#">2.10</a>	Sale and Purchase Agreement, dated October 23, 2025, among Federated Hermes, Inc., FCP Fund Manager, L.P., the parties identified as Management Company Sellers therein, the parties identified as Selling Principals therein, and a Management Company Sellers' Representative, solely in its capacity as the representative of the Selling Parties (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K dated October 23, 2025 (File No. 001-14818))
<a href="#">3.04</a>	Restated Articles of Incorporation of Federated Hermes, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K dated February 3, 2020 (File No. 001-14818))
<a href="#">3.07</a>	Restated Bylaws of Federated Hermes, Inc. (incorporated by reference to Exhibit 3.1 to the March 31, 2020 Quarterly Report on Form 10-Q (File No. 001-14818))
<a href="#">4.01</a>	Form of Class A Common Stock certificate (incorporated by reference to Exhibit 4.01 to the Registration Statement on Form S-4 (File No. 333-48361))
<a href="#">4.02</a>	Form of Class B Common Stock certificate (incorporated by reference to Exhibit 4.02 to the Registration Statement on Form S-4 (File No. 333-48361))
<a href="#">4.05</a>	Shareholder Rights Agreement, dated August 1, 1989, between Federated and The Standard Fire Insurance Company, as amended January 31, 1996 (incorporated by reference to Exhibit 4.06 to the Registration Statement on Form S-4 (File No. 333-48361))
<a href="#">4.06</a>	Form of Federated Hermes, Inc. Class A Common Stock certificate, as amended January 31, 2020 (incorporated by reference to Exhibit 4.06 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))

- [4.07](#) Form of Federated Hermes, Inc. Class B Common Stock certificate, as amended January 31, 2020 (incorporated by reference to Exhibit 4.07 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [4.08](#) Description of Federated Hermes, Inc. Securities (incorporated by reference to Exhibit 4.08 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [9.01](#) Voting Shares Irrevocable Trust dated May 31, 1989 (incorporated by reference to Exhibit 9.01 to the Registration Statement on Form S-4 (File No. 333-48361))
- [10.15](#) Federated Investors Tower Lease dated January 1, 1993 (incorporated by reference to Exhibit 10.03 to the Registration Statement on Form S-4 (File No. 333-48361))
- [10.16](#) Federated Investors Tower Lease dated February 1, 1994 (incorporated by reference to Exhibit 10.04 to the Registration Statement on Form S-4 (File No. 333-48361))
- [10.19](#) Employment Agreement, dated December 28, 1990, between Federated Investors and an executive officer (incorporated by reference to Exhibit 10.08 to the Registration Statement on Form S-4 (File No. 333-48361))
- [10.41](#) Amendments No. 6, 5, 4, 3 and 2 to Federated Investors Tower Lease dated as of December 31, 2003; November 10, 2000; June 30, 2000; February 10, 1999; and September 19, 1996 (incorporated by reference to Exhibit 10.41 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (File No. 001-14818))
- [10.67](#) ISDA Master Agreement and schedule between Federated Investors, Inc. and PNC Bank National Association related to the \$425,000,000 forward-starting interest rate swap, entered into on March 30, 2010 and effective April 9, 2010 (incorporated by reference to Exhibit 10.2 to the June 30, 2010 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.68](#) ISDA Master Agreement and schedule between Federated Investors, Inc. and Citibank, N.A. related to the \$425,000,000 forward-starting interest rate swap, entered into on March 30, 2010 and effective April 9, 2010 (incorporated by reference to Exhibit 10.3 to the June 30, 2010 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.69](#) Employment Agreement, dated July 6, 1983, between Federated Investors and an executive officer (incorporated by reference to Exhibit 10.69 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 001-14818))
- [10.72](#) Amendments No. 8 and 7 to Federated Investors Tower Lease dated as of September 9, 2011 and August 15, 2007 (incorporated by reference to Exhibit 10.1 to the September 30, 2011 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.78](#) Federated Investors, Inc. Employee Stock Purchase Plan, amended as of January 1, 2016 (incorporated by reference to Exhibit 10.78 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (File No. 001-14818))
- [10.80](#) Amendment No. 9 to Federated Investors Tower Lease dated as of September 9, 2016 (incorporated by reference to Exhibit 10.1 to the September 30, 2016 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.82](#) Employment Agreement, dated October 22, 1990, between Federated Securities Corp. and an executive officer (incorporated by reference to Exhibit 10.82 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (File No. 001-14818))
- [10.83](#) 2016 Restricted Stock Award Agreement, dated June 15, 2016, by and between Federated Investors, Inc. and an executive officer (incorporated by reference to Exhibit 10.83 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (File No. 001-14818))
- [10.86](#) Federated Investors, Inc. Stock Incentive Plan, as amended, as approved by shareholders on April 26, 2018 (incorporated by reference to Exhibit 10.1 to the March 31, 2018 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.90](#) U.K. Sub-Plan to the Federated Investors, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the September 30, 2018 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.91](#) Form of Restricted Stock Award Agreement for U.K. Sub-Plan (incorporated by reference to Exhibit 10.2 to the September 30, 2018 Quarterly Report on Form 10-Q (File No. 001-14818))

- [10.117](#) Employment Contract dated June 25, 2018 between Hermes Fund Managers Limited and an executive officer (incorporated by reference to Exhibit 10.24 to the March 31, 2019 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.119](#) Hermes Fund Managers Limited Co-investment Scheme Rules 2018 (incorporated by reference to Exhibit 10.26 to the March 31, 2019 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.121](#) Form of Restricted Stock Program Award Agreement (incorporated by reference to Exhibit 10.1 to the September 30, 2019 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.122](#) Form of Restricted Stock Program Award Agreement for Awards to Employees in the United Kingdom (incorporated by reference to Exhibit 10.2 to the September 30, 2019 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.123](#) Federated Hermes, Inc. Employee Stock Purchase Plan, amended as of January 31, 2020 (incorporated by reference to Exhibit 10.123 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.124](#) Form of Restricted Stock Program Award Agreement (incorporated by reference to Exhibit 10.124 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.125](#) Form of Restricted Stock Award Agreement for U.K. Sub-Plan (incorporated by reference to Exhibit 10.125 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.126](#) Form of Bonus Restricted Stock Program Award Agreement (incorporated by reference to Exhibit 10.126 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.127](#) Form of Bonus Restricted Stock Program Award Agreement for Awards to Employees in the United Kingdom (incorporated by reference to Exhibit 10.127 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.128](#) Federated Hermes, Inc. Annual Incentive Plan, as amended as of January 31, 2020 (incorporated by reference to Exhibit 10.128 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.129](#) Federated Hermes, Inc. Stock Incentive Plan, as amended as of January 31, 2020 (incorporated by reference to Exhibit 10.129 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.130](#) U.K. Sub-Plan to the Federated Hermes, Inc. Stock Incentive Plan, as amended as of January 31, 2020 (incorporated by reference to Exhibit 10.130 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.131](#) Amendment No. 10 to Federated Hermes Tower Lease dated as of February 21, 2020 (incorporated by reference to Exhibit 10.131 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (File No. 001-14818))
- [10.132](#) Hermes Fund Managers Limited Co-investment Scheme Rules – Addendum (incorporated by reference to Exhibit 10.132 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (File No. 001-14818))
- [10.133](#) The Fourth Amended and Restated Credit Agreement, dated as of July 30, 2021, by and among Federated Hermes, Inc. certain subsidiaries as guarantors party thereto, the banks as lenders party thereto, and PNC Bank, National Association, PNC Capital Markets LLC, Citigroup Global Markets, Inc., Citibank, N.A. and Toronto-Dominion Bank, New York Branch (incorporated by reference to Exhibit 10.1 to the June 30, 2021 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.134](#) Federated Hermes, Inc. Stock Incentive Plan, amended as of January 7, 2022 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K dated January 7, 2022 (File No. 001-14818))
- [10.135](#) U.K. Sub-Plan to the Federated Hermes, Inc. Stock Incentive Plan, as amended as of January 27, 2022 (incorporated by reference to Exhibit 10.135 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (File No. 001-14818))
- [10.136](#) Form of Restricted Stock Award Agreement (Pool A and Pool B) for U.K. Sub-Plan (incorporated by reference to Exhibit 10.136 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (File No. 001-14818))
- [10.137](#) Form of Restricted Stock Award Agreement (Pool A) for U.K. Sub-Plan (incorporated by reference to Exhibit 10.137 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (File No. 001-14818))
- [10.138](#) Form of Restricted Stock Award Agreement (Pool A) for Singapore (incorporated by reference to Exhibit 10.138 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (File No. 001-14818))

- [10.139](#) Form of Restricted Stock Award Agreement (Retiring Employee) for U.K. Sub-Plan (incorporated by reference to Exhibit 10.139 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (File No. 001-14818))
- [10.140](#) Federated Hermes, Inc. \$350,000,000 3.29% Senior Notes due March 17, 2032 Note Purchase Agreement dated March 17, 2022 (incorporated by reference to Exhibit 10.1 to the March 31, 2022 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.141](#) Asset Purchase Agreement among Federated Hermes, Inc., C.W. Henderson & Associates, Inc. and the owners dated as of July 15, 2022 (incorporated by reference to Exhibit 10.1 to the June 30, 2022 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.142](#) First Amendment, dated September 30, 2022, to the Asset Purchase Agreement dated as of July 15, 2022, by and among Federated Hermes, Inc., C.W. Henderson & Associates, Inc. and the owners (incorporated by reference to Exhibit 10.142 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (File No. 001-14818))
- [10.143](#) Federated Hermes Co-Investment Scheme Rules 2023 (incorporated by reference to Exhibit 10.1 to the March 31, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.144](#) Federated Hermes, Inc. Annual Incentive Plan, as amended October 26, 2023 (incorporated by reference to Exhibit 10.1 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.145](#) Federated Hermes, Inc. Stock Incentive Plan, as amended October 26, 2023 (incorporated by reference to Exhibit 10.2 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.146](#) Form of 2023 Restricted Stock Award Agreement for Federated Hermes, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.147](#) U.K. Sub-Plan to the Federated Hermes, Inc. Stock Incentive Plan, as amended as of October 26, 2023 (incorporated by reference to Exhibit 10.4 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.148](#) Form of 2023 Restricted Stock Award Agreement for U.K. Sub-Plan (incorporated by reference to Exhibit 10.5 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.149](#) Form of Cash Award Agreement for Non-U.S. Employee for Federated Hermes, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the September 30, 2023 Quarterly Report on Form 10-Q (File No. 001-14818))
- [10.150](#) Amendment No. 11 to Federated Investors Tower Lease dated February 21, 2023 (incorporated by reference to Exhibit 10.150 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (File No. 001-14818))
- [10.151](#) Federated Hermes, Inc. Incentive Compensation Recovery Policy (incorporated by reference to Exhibit 10.151 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (File No. 001-14818))
- [10.152](#) Form of 2023 Bonus Restricted Stock Award Agreement for Federated Hermes, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.152 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (File No. 001-14818))
- [10.153](#) Form of 2023 Bonus Restricted Stock Award Agreement for U.K. Sub-Plan (incorporated by reference to Exhibit 10.153 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (File No. 001-14818))
- [10.154](#) Form of 2024 Bonus Restricted Stock Award Agreement for U.K. Sub-Plan (incorporated by reference to Exhibit 10.153 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (File No. 001-14818))
- [10.155](#) Federated Hermes Limited Co-Investment Scheme Rules 2024 (incorporated by reference to Exhibit 10.153 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (File No. 001-14818))
- [10.156](#) Form of 2025 Restricted Stock Award Agreement for U.K. Sub-Plan (filed herewith)
- [14.04](#) Federated Hermes, Inc. Code of Ethics for Senior Financial Officers, as amended as of January 25, 2024 (incorporated by reference to Exhibit 14.04 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (File No. 001-14818))

- [19.01](#) Federated Hermes, Inc. Policy on Trading and Confidentiality, as amended October 24, 2024 (incorporated by reference to Exhibit 10.153 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (File No. 001-14818))
- [21.01](#) Subsidiaries of the Registrant (filed herewith)
- [23.01](#) Consent of Independent Registered Public Accounting Firm (filed herewith)
- [31.01](#) Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- [31.02](#) Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- [32.01](#) Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

The following XBRL documents are filed herewith:

- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### FEDERATED HERMES, INC.

By: /s/ J. Christopher Donahue  
J. Christopher Donahue  
President and Chief Executive Officer

Date: February 27, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ J. Christopher Donahue</u> J. Christopher Donahue	President, Chief Executive Officer, Chairman and Director (Principal Executive Officer)	February 27, 2026
<u>/s/ Thomas R. Donahue</u> Thomas R. Donahue	Chief Financial Officer and Director (Principal Financial Officer)	February 27, 2026
<u>/s/ Richard A. Novak</u> Richard A. Novak	Principal Accounting Officer	February 27, 2026
<u>/s/ Joseph C. Bartolacci</u> Joseph C. Bartolacci	Director	February 27, 2026
<u>/s/ John B. Fisher</u> John B. Fisher	Director	February 27, 2026
<u>/s/ Karen L. Hanlon</u> Karen L. Hanlon	Director	February 27, 2026
<u>/s/ Marie Milie Jones</u> Marie Milie Jones	Director	February 27, 2026

## EXHIBIT INDEX

Exhibit Number	Description
<a href="#">10.156</a>	Form of 2025 Restricted Stock Award Agreement for U.K. Sub-Plan
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101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)